

Nation's Business

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How to really succeed in business
Who will shape new labor policies?
If you want to stay healthy...



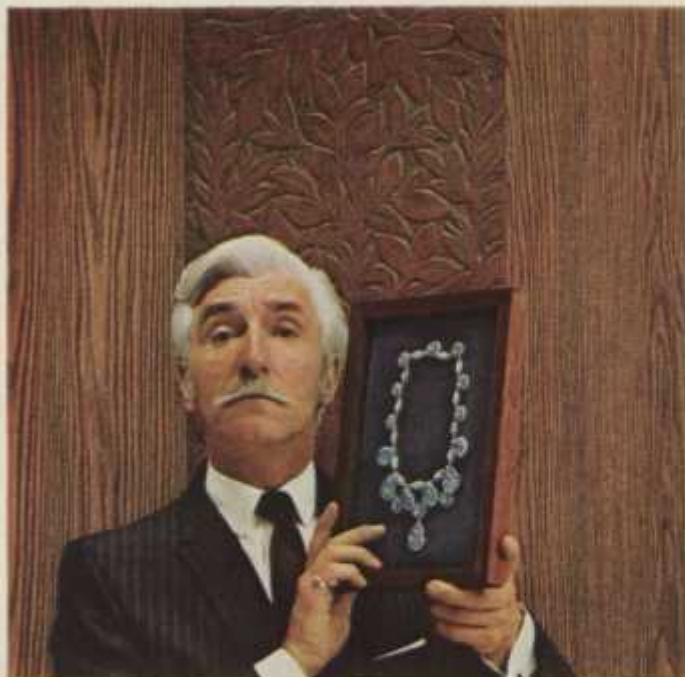
ANSWERS TO THE URBAN CRISIS

EXCLUSIVE POLL OF MAYORS

PAGE 38



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Nation's Business

February 1969 Vol. 57 No. 2

Published by the Chamber of Commerce of the United States
The national federation of organizations representing
5,000,000 companies and professional and business men
Washington, D.C.

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Cover: (Top to bottom) Mayor Richard G. Lugar, Indianapolis; Mayor Joseph A. Doorley Jr., Providence; Mayor William J. Ensign, Toledo; Mayor Ivan Allen, Atlanta.

PHOTOS BY: ANTH CRUX-PIC, WILLIAM HUNCEY-PIC, DON BENYAS-PIC, VERNON MERRITT-BLACK STAR.

Nation's Business is published monthly at 1615 H St. N.W., Washington, D. C. 20006. Subscription rates: United States and possessions \$23.75 for three years; Canadian \$9 a year. Printed in U.S.A. Second class postage paid at Washington, D. C., and at additional mailing offices. © 1969 by Nation's Business—the Chamber of Commerce of the United States. All rights reserved. Nation's Business is available by subscription only. Postmaster: please send form 3579 to 1615 H Street, N.W., Washington, D. C. 20006.

Editorial Headquarters—1615 H Street N. W., Washington, D. C. 20006

Advertising Headquarters—711 Third Avenue, New York, N. Y. 10017

Circulation Headquarters—1615 H Street N. W., Washington, D. C. 20006



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If the chairman of General Motors can sit down with a black militant to talk about the urban crisis, why can't two Members of Congress of different party label or ideology get together to attack such problems?

The answer is they can and probably will in the current Congress. A little-noticed but historic trend is now occurring that could oil the Congressional machinery for Richard Nixon's whole legislative agenda.

Politics has always made strange bedfellows. But today, lambs are lying down with lions. With almost carefree abandon, lawmakers are shedding partisan and philosophical dogma. Old coalitions may well crumble. New alliances will likely be forged. What's happening could mold new laws with enormous economic and social impact.

Congress almost has to be more flexible and open-minded because of the major tasks now facing the lawmakers.

A welter of gangly, untried domestic social programs recently enacted must be made to work or be revamped. Problems cry out for innovation, for non-doctrinaire, pragmatic approaches.

Listen to what some of the politically astute have been saying:

Ex-Rep. Melvin Laird, now Secretary of Defense, has recommended a coalition bridging party lines and political ideology, "a meeting of minds among men who heretofore had not found any common ground among them for discussion." He said they should be willing to abandon old commitments and seek practical solutions to the country's problems wherever the ideas originate.

Democratic Rep. Henry Reuss has called for a "grand coalition" of progressive-minded members in the House and Senate to work with President Nixon on both domestic and foreign matters.

Daniel Patrick Moynihan, before he was appointed as President Nixon's top aide for urban affairs, urged Democratic liberals to reform their thinking and seek a working partnership with the conservatives in the interest of a stable order.

To meet the grousing of some Republicans, when the liberal Mr. Moynihan was named, G.O.P. Sen. Karl Mundt, a conservative, replied, "It is

NOT SO STRANGE BEDFELLOWS



BY TAIT TRUSSELL

time that the conservatives as well as the liberals recognize that each party has to broaden its base."

"Liberal and conservative labels are obsolete," says Democratic Rep. Brock Adams of Seattle. "Many who have had conservative voting records in the past, for example, will vote to help the cities," he predicts. "Like the young business executive who is a Republican, but who is also oriented toward the new rather than

the old and knows the cities must be brought back to life and the poor brought into society."

The thought that the Nixon Administration and the Ninety-first Congress can proceed in sweet harmony may seem to clash with certain realities. Nixon was elected by a minority of the voters after a race that split the nation three ways. Not since the election of Zachary Taylor in 1848 has an incoming President confronted a Congress controlled by the other political party. The agonizing controversies involving race and war remain unsolved. On the surface, it has all the makings of an impasse.

But other factors abound to dispute this impression. First of all, President Nixon has pledged a "bring-us-together" Administration. Translation: no legislative proposals so drastic that they won't appeal to a broad political spectrum.

Mr. Nixon appointed no Democrats to his Cabinet. But he has been careful not to trumpet Republicanism. Rather he has avoided any partisan or dogmatic approach. He must have, at least in the back of his mind, the hope that the Republicans can become the majority party by 1972.

Secondly, many of the newer Members of Congress are not easy to classify as to party philosophy. Senate Republicans such as Baker of Tennessee, Brooke of Massachusetts, Percy of Illinois, Goodell of New York and Mathias of Maryland are not typically Republican, if there is such

Tait Trussell is managing editor of Nation's Business.

an animal. They are not much different, for example, from Democratic Senators Bayh of Indiana, Hughes of Iowa, Mondale of Minnesota and Spong of Virginia, who also fall within the broad moderately liberal, but pragmatic category. There's little reason why party labels should keep them from voting together.

Third, even veteran Democratic members on both sides of the Capitol say privately that they are willing to give Mr. Nixon a chance and to look at his program with an open mind because we "certainly need some new answers," as one member put it.

Fourth, several members of the Nixon Cabinet are no strangers on the Hill. Laird at Defense, Rogers at State, Romney at Housing and Urban Development, for instance, have had long and close relationships with members. They also believe that traditional liberalism or conservatism doesn't represent majority opinion in the nation.

In the November election the old reliables of the Democratic Party faltered. In the once "solid South," Hubert Humphrey took only one state. Big city organizations and union labor didn't deliver with the generosity of yesteryear either. As Democratic Rep. Morris Udall noted recently, "Old political alignments and loyalties are changing in every section of the country; the Republicans are moving strongly and often effectively to appeal to traditional Democratic voters and to the millions of new and younger voters."

Congressional alliances have always been a force in Congress. For years, the old Republican-Southern Democrat coalition has shaped legislation to its liking.

This so-called conservative coalition last year was instrumental in imposing the \$6 billion spending cut on the Johnson Administration as the price for the surtax.

The coalition rewrote parts of the Administration's anticrime measure to authorize emergency wiretapping and permit admission of confessions and eyewitness testimony in federal trials.

In the Senate, this loose alliance repulsed liberal attempts to put off building the Sentinel antiballistic missile system. In the House of Representatives, the coalition made less restrictive a gas pipeline safety bill.

Southern Democrats and Republicans in the Senate locked arms also to defeat Lyndon Johnson's nomination of Abe Fortas to be Chief Jus-

tice of the U. S. Reports during the election campaign said that members of the Nixon forces had urged the House G.O.P. leadership toward the end of the last session to try to avoid giving the Republicans an ultraconservative image.

However, this doesn't mean the old coalition is dead. It is easy to believe that on occasion Senate Minority Leader Everett Dirksen will team with the conservative Democrat-turned-Republican Strom Thurmond, who helped elect Nixon in the South, plus Georgia's Richard Russell, chairman of the Senate Appropriations Committee, to oppose too costly, too experimental measures.

Some pundits believe that Mr. Nixon is relying on the conservative coalition to help transfer federal direction of certain programs to state and local governments. This could appeal to some

southern Congressmen angry over civil rights guidelines. Channeling dollars through the statehouses could be a boon also to the 30 Republican governors. Obviously more authority shifted to the local levels could help bring order to the 400 relatively new federal programs.

Though the Democrats are in majority they are hardly united in either chamber. Leadership fights at the start of the session not only left the House Democrats split, they left the Democratic liberal wing divided.

Important is the fact that for the first time in several years the leadership of the Democratic Party resides in Congress, not the White House. Naturally, Democrats want to present an appealing portrait of their party. But—just as with some veteran Southerners—younger members who want innovation will likely be willing to put forth their ideas and try to blend them with those of the Administration. Certainly there are areas for agreement with moderates and liberals in matters ranging from revenue sharing to black capitalism.

An example of new-fashioned coalition is the mix of Republican and Democrats in both chambers who sponsor the Community Self-Determination Act, a kind of local self-help program for the slums. They represent such normally diverse individuals as conservative Republican Sen. John Tower of Texas and liberal Democrat Rep. John Conyers of Michigan.

This is the kind of ideology-stretching alliance Mr. Nixon will need and may well get to support his programs. And maybe these lawmakers are not such strange bedfellows after all.



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letters

BLACKS CAN'T ALWAYS BANK ON THOSE LOANS

• "Putting Blacks in the Black" [Dec.] was an interesting article, but it did not tell the complete story. And for this reason alone it will mislead many prospective businessmen (both black and white).

It is all well and good to recount the "successes" of minority group businessmen who have been helped by banks and the Small Business Administration. However, for every such "success" there are at least 20 rejections based on rigid guidelines that are not only anachronistic but inequitable.

As to "Pittsburgh's largest banks now casting sympathetic eyes over applications for loans from Negroes who want to go into business for themselves," getting the loan means more than casting sympathetic eyes over applications. (In point of fact, an SBA official informed this writer that rigid guidelines were being removed under Mr. Samuels' administration, and applications speeded up. This writer received his rejection two months later.)

True, a black man can get help

from SBA and banks. All he has to do is show he does not need their respective assistance. (E.g. have \$3,000 or \$4,000 of your own money and a perfect background. It will also help to have an established business.)

SBA has done a good public relations job of (mis)informing not only the general public, but prospective applicants of what *really* is in store for them once they complete the voluminous application forms.

OCANIA CHALK
Chalk's Book Mart
York, Pa.

Is Chavez eyeing citrus?

• Re "Can They Pull Off a Nationwide Boycott?" [Oct.] I would like to request permission from you to publish this article in our national magazine "The Farm and Land Realtor."

I have been trying to carry the banner for the farmer for some years, or ever since Mr. Chavez has shown up, misleading the public as he and his henchmen are doing. At

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letters *continued*

times I seem to be whistling in the dark, and as your article is well written and conveys a more honest story of the situation, I would like to see it published for the sake of these brokers. My contention is that as soon as Mr. Chavez gets through with the grape story, the next will be citrus and other perishable crops.

BURR BROWN
Regional Vice President
Farm and Land Brokers of the
National Association of
Real Estate Brokers
Fresno, Calif.

Hail to America

• Of all the successful personalities in the world of business whom you have introduced through your "Lessons of Leadership," I would most like to meet Lord Thomson of Fleet! He bowled me over with his earthy common sense [December]. What a delightful change it is to read a completely unpompous, unconceited admission of great personal success. He must be a most disarming "tycoon" besides being a dynamic personality.

Besides, I agree wholeheartedly with his statement that "the United States is the ultimate in business opportunity." It's refreshing to have a bouquet tossed to our Uncle Sam instead of the too-frequent dagger or leer.

Does it surprise you that a "plain housewife" with six children reads and relishes the articles in your "mainly male" magazine? I'm certainly no business expert, except in managing a household, but your publication has helped me gain some insight into the daily tangle of problems which face my husband in owning and managing a small business.

When I consider the gigantic efforts he must put forth to earn a small profit after enduring the complaints of labor and the demands of government, I am daily amazed that he is still a most delightful human being.

How about an issue dedicated to that vanishing figure—the small independent businessman—who doesn't march, doesn't demonstrate, doesn't constantly mouth about the violation of his civil rights, but

who pays his taxes, goes to church, serves on the "Good Government League," contributes his time and interest and dollars to make his community a better place in which to live, and who preaches daily to his brood that the free enterprise system made America great—and that they had darned well better stay on the ball and keep it that way!

Like Lord Thomson "he got wed

SOUND OFF

Why mutter under your breath about it? Why not sound off? Jot down your own opinion about the key issues of the day and send them to "Sound Off to the Editor," our regular column, this month on page 86.

to work and he liked it." No wonder America's great. So's your magazine!

MRS. WILLIAM BOORHEM
Sherman, Texas

Computers ready to go

• "The Frantic Future" [Aug.] was very good in bringing to light the problems that business must face in the future. As the author suggested, I feel that executives and company workers will have to take college classes to keep up in their fields of technology.

I did feel that the author felt that the computer was a problem



If your best customer suddenly went under, would he take you with him?

Bankruptcy is like a contagious disease. And you're more likely to catch it from a good credit risk than a bad one.

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letters *continued*

factor in the future. I think that the computer is going to solve many more problems of the future than it will create. Today, it is solving the problems of the present. There is no doubt that it will solve the problems of the future.

TERRY LEE KRUEST
Thatcher, Ariz.

'Friends' are close

I read with great interest your "Great Little Restaurants" [Dec.] and agree with your correspondent that the Chinese restaurant on Salmon Lane, London, is most excellent, but isn't it "The Good Friends" rather than "The New Friends" as reported?

Also, it is on the ground floor and not four floors high, "rickety" or otherwise.

Did we eat at the same place?

HARVEY PAUL ROTH
President
Books for Libraries, Inc.

► *Editor's note: Both "The Good Friends" and "The New Friends" are in London. Both are excellent restaurants and both are owned by the same Chinese gentleman.*

Helpful on drop-outs

"What Your Degree is Worth," [Nov.] contains useful information for a number of high school counselors in our area who are plagued with students who feel they must leave school. This should serve as an effective tool in demonstrating to students what they must give up in deciding to drop out of school for whatever reasons. A \$300,000 cut in lifetime income should be cause enough to slow up anyone's snap decision.

CHAS. H. MOTT
Manager—Printing Department
Munsingwear, Inc.
Minneapolis, Minn.

Brochures found useful

I have been reading NATION'S BUSINESS for the past seven years and wish to compliment your staff for the excellent subjects and material that you are bringing to the public's attention. Your organization should also be congratulated for the excellent brochures that you make available, at very reasonable

prices, to persons wishing a detailed manual for some particular business or personal use.

JAMES D. RUSSELL
Public Relations Representative
Denver, Colo.

Performance is the key

"Eyeball to Eyeball With Customers" [Nov.] presents an interesting theory concerning the fact of the consuming public's positive emotional need for TLC (Tender Loving Care), understanding, and some pampering by industry.

In this business I sell, and I also buy. What my customers want from me is TLC, understanding, and some pampering—all three simply defined by one simple word—performance. For so long as I perform in a predictably superior manner, I've also provided the needed three points. It's just that simple.

EDWARD B. SEEGER
President
Burgner Molasses Company
Okemuchee, Fla.

Management rights

Your article "Unions are Raiding Your Rights" [Dec.] was excellent. I would like to comment, however, on one point.

In order to protect the rights of management you state that management should insist on "management rights" clauses in contracts. Yet even here the National Labor Relations Board again is on the side of the unions and admonishes management that it must not try too hard to protect its rights.

For example, when one company tried to nail down its rights in a management rights clause, the Board found the company guilty of an unfair labor practice because, it concluded, the clause was "predictably unacceptable to the union."

Certainly there are many union demands which are predictably unacceptable to management which unions are able to secure only through sheer muscle. I wonder how far a company would get if it filed an unfair labor practice charge against a union because it submitted "predictably unacceptable demands?"

E. JOHANNESSEN
Walnut Creek, Calif.

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Mailing	16 cents
Filing	11 cents
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TOTAL:	\$2.74

That's 20 cents more than last year.

The average business letter cost \$2.54 in 1968; \$2.49 in 1967; \$2.44 in 1966.

The R&D executive's pay and perquisites

Four out of 10 make \$40,000 to \$65,000 a year.

Most of them—four out of five—get a yearly bonus that averages 20 per cent of their base pay.

And almost as many—four out of five—have stock options.

That's the pay picture from a recent Heidrick and Struggles study of chief research and development executives. Each held the top R&D post in a large U. S. industrial corporation.

"They're well educated, and maybe less mobile than other executives," says John S. Wilson, vice president of the management consulting firm.

"More than half hold doctorates and another 14 per cent have a master's degree.

"Typically, the top R&D man has been with his firm 16 years and has worked for no more than one other employer. He's 51, has held his present post five years and has the title of vice president."

Three out of four majored in chemistry or engineering. And 44 per cent of those with advanced de-

grees took their Ph.D.s in chemistry.

But to reach the top spot, it helps to have experience outside the lab.

Today's top R&D executives say their successors should have it. They rate manufacturing, marketing or general management experience about equally valuable.

The dream boss, as secretaries see him

Handsome?

That may help.

How about thoughtful—the kind of guy who sends flowers or cologne to his secretary on her birthday?

It's also a plus, says Snelling and Snelling, employment specialists. But the most prized quality is a sense of humor.

That trait scored highest in a poll of some 7,500 secretaries placed by the firm. The perfect boss, it showed, is also frank, considerate, organized, calm in an emergency and interesting.

The worst boss, secretaries said, mumbles when he dictates, doesn't say where to reach him when he's out of the office, stalls decisions, always works at a panic pace, brings his black moods from home and—worst of all—starts dictating 15 minutes before quitting time.

Your gray flannel suit can cost you in court

That is, if you're facing a blue-collar jury.

Blue-collar workers tend to stick together, reports Jury Verdict Research, Inc., Cleveland, Ohio. And they're likely to be a bit sticky for executives who face them.

Statistics show they find for the plaintiff in personal injury suits only 36 per cent of the time—if he's an executive.

If not, the plaintiff gets the jury's nod more than 60 per cent of the time.

This may be a blow to the Anglo-Saxon ideal of justice meted out by one's peers, Jury Verdict Research concedes. But it's a helpful hint to your lawyer.

Every year, the firm reports, about one American out of seven is involved in a personal injury. Not all, of course, wind up in court.

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HOW THE WORLD VIEWS NIXON

Most European and Asian leaders had at least a nodding acquaintance with Richard M. Nixon before he took his oath as the Thirty-seventh President of the United States. In Africa, Latin America, and the Middle East, many remembered him from his tireless travels as Vice President in the 1950's or trips taken in more recent years as a private citizen.

So the claim advanced by many foreign opinion-makers and observers that Mr. Nixon entered the White House as "the great unknown" is hardly valid. He had kept his oar in. The literary output on the controversies that surrounded him in his early career was as extensive abroad as it was at home. President Eisenhower's illnesses while in the White House led to long, analytical, critical articles and broadcasts about the man who would succeed to the Presidency if Ike had failed to recover.

Still, despite a familiar visage and a raft of books by and about him, Mr. Nixon remained basically unrevealed to many, here as well as abroad. The *Economist* of London said the American people chose him because on election day "he seemed the best there was, not because the electorate really admired him. They did not give him a true mandate to do what he wants to do, partly because he did not tell the voters what that was." The British journal mentioned the series of "thoughtful radio addresses" Mr. Nixon gave, but added that the "constructive liberal program" outlined in them was hardly noticed, to the candidate's advantage ("... it might have alienated as many voters as it attracted," the *Economist* said).

The view of the new President from Moscow,

Contributing columnist Peter Lisagor is White House correspondent for The Chicago Daily News.



BY PETER LISAGOR

as well as from Soviet officials in Western capitals, was wary, if not distrustful. Even though Mr. Nixon has talked about the changed requirement in Soviet-American relations, moving from "confrontation" to "negotiation," the Russians undoubtedly cling to judgments they made when Mr. Nixon made history of a kind in 1959 by becoming the highest ranking elected U. S. official ever to visit the Soviet Union.

As a member of the Vice President's press entourage, this reporter can testify to the fact that the Russian trip was a hectic, tense, uncertain encounter that called for more than diplomatic tact. Great restraint and patience were also needed, for the Russians, in quite petty ways, seemed ever anxious to embarrass, if not demean, the U. S. party, most especially Mr. Nixon.

In his first meeting with then-Premier Nikita Khrushchev at the Kremlin, which was scheduled to be a mere protocol visit in which innocuous amenities were to be exchanged, Mr. Nixon was flabbergasted when his host sailed into him with earthy condemnations of a "Captive Nations" resolution which the U. S. Congress had passed a short time before. A similar resolution had gone through Congress in previous years, but Khrushchev didn't like the sound and timing of this one, and he told his U. S. guest in far more flavorful language that the whole thing stunk. His barnyard analogy first stunned Mr. Nixon, who then recovered sufficiently to engage Khrushchev in a relatively amiable discussion of farm odors.

From that moment, the Russians tried to keep Mr. Nixon off-balance, to score points against him, to rattle him. They charged him with trying to bribe a store clerk; they accused newsmen of throwing objects at Soviet citizens from a hotel window. And Khrushchev tangled with Mr. Nixon in the famous "kitchen debate," a brisk, raucous discussion of the comparative merits of American and Soviet societies. The two men were standing in front of a model kitchen in the U. S. exhibition at a trade fair in Moscow, and as they grew more animated and heated, with the interpreters struggling to stay coherent, a British newsman whispered to a colleague: "Why, it's frightening—like two men tossing an H-bomb back and forth to see which will drop it first." That was a slight exaggeration, but it did convey the sense of awe which we felt at the uninhibited verbal

joust. The Nixon visit was the icebreaker for a subsequent trip to America by Khrushchev, an odyssey so fantastic for the times that many Americans found it hard to believe. The Soviet premier came swaggering into Washington aboard a Russian jet, tried to upstage President Eisenhower at the airport welcoming ceremony, and then proceeded across the country, captivating and angering his hosts by turns with his assured peasant's charm, his cocky lectures, cajolery and threats.

Khrushchev never liked Mr. Nixon, and after the 1960 Presidential election, the Soviet leader took some credit for helping to elect John F. Kennedy by claiming that had he released the captured fliers of a U. S. reconnaissance plane shot down over the Baltic to the Eisenhower Administration, it would have enhanced Mr. Nixon's election prospects.

How much of Khrushchev's attitude remained in the Kremlin hierarchy after his dismissal is impossible to know, of course. The Kosygin-Brezhnev leadership is more hard-eyed, formalistic, starchy than Khrushchev's, and like others in the world, probably will not mind waiting to see what early steps the new President will take. There is an unconfirmed suspicion among State Department experts that the Kremlin may try to test the Nixon nerve and will do so in an early crunch, perhaps in Berlin.

Despite a certain lingering skepticism about Mr. Nixon's outlook on the world—a frequently expressed feeling that he has simply sheathed his Cold War beliefs and the stern anti-communist doctrines he advocated in the 1950's—there was an immense amount of good will for him.

A German weekly commentator observed of the new President: "He is intelligent enough not to close his eyes to the fact that the Seventies, into which he will lead his country, no longer have much in common with the world of the late Fifties he knew as Vice President. His former ideas are as passé as the cliché of 'Tricky Dick.'"

The Germans generally were heartened by Mr. Nixon's election, believing that somehow they might restore the intimate relations they had when John Foster Dulles was Secretary of State and rarely made a move without consulting and if need be, placating, Chancellor Konrad Adenauer. Henry Kissinger's presence as a White House adviser on foreign policy pleases Bonn, not because he is particularly pro-German but because in times past, when the Germans have been worried by

U. S. policy actions, he has heard them out and tried to reassure them to the extent that he could as a private citizen and sometime consultant to the government here.

The German literati, the sophisticated commentators, have not been as buoyed by Mr. Nixon's accession as the officials in Bonn. The commentator quoted above, Theo Sommer of the Hamburg weekly *Die Zeit*, has written that, while Mr. Nixon's programs are largely unknown, "he will be guided by caution, place the accent on free enterprise, decentralize federal power, balance the budget, opt for unemployment rather than inflation, stimulate 'black capitalism' as the solution to the race problem. He will follow all these policies on the condition that they work. If they don't he will have no other choice than to abandon conservatism and resort to unorthodox means."

This is a common judgment of Mr. Nixon among foreign observers: He will be pragmatic, cautious, conventional, favor what will work within the limits of his concept of government's role. Some are concerned about the contradictions, which Sommer put into these words: "He wants to keep the U. S. militarily strong and simul-

taneously end the draft and lower taxes; he wants to arm in order to attain a position of strength from which he can discuss disarmament with the Russians; he wants a rapprochement with De Gaulle, but at the same time a 'strengthening of the European Community with Great Britain as a member.' He is seeking better relations with the Allies, but also wants them to spend more on defense; he has his mind set on reducing foreign aid, yet hopes for quicker progress in underdeveloped countries."

The French see the Nixon Presidency as an opportunity to simmer down the chronic antagonisms of De Gaulle toward the U. S., and Mr. Nixon has indicated that one of his early acts, hopefully, will be to confer with the French leader in an effort to compose old differences.

A certain underlying fear that economic difficulties might lead to a protectionist course by the U. S. creates some concern about the new Administration in Europe and Japan. There are apprehensions about a turning-inward because of Viet Nam among Asian leaders. But in general, the tendency is to wait and watch, and give the new man the benefit of every doubt in the classic manner of the political honeymoon enjoyed by new Presidents in this country.





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Years are an arbitrary method for measuring the passage of time. But on a seventy-fifth birthday one is well aware that not much room remains for candles on the cake.

Of course some men are phenomenally durable, like Churchill and Adenauer, or De Gaulle and Mao Tse-tung. Yet there is reason to think that even in such cases earlier retirement might have been desirable. It has been said that Queen Victoria, the most beloved of all British monarchs, did an unconscious disservice to her country by a reign lasting from 1837 to 1901. She gave a descriptive name to that long and eventful period. But her strong personal distaste for change was also influential in developing a national mistrust of innovation which carried over too effectively into commercial and industrial techniques.

Similarly, conditions in France might well have been happier today if its aged president had not insistently held on to power, so long, so resolutely. With his romantic passion for the past General de Gaulle could have reflected more on the old French proverb which poignantly laments: "*Si jeunesse savait, si vieillesse pouvait*"—If youth but knew, if age were competent.

One difficulty, in seeking a smoother transition between the generations, is that sometimes old age preserves a lot of ability and that youth often sees very clearly what is wrong in a society, even though lacking the knowhow to set things right. Not all of the worldwide revolt among students today is due to lack of perception in the younger generation.

Nor is it true that old people are necessarily conservative and youngsters radical. If this were the case fewer grandmothers would try to compress a spreading figure within tight slacks or wispy mini-skirt. And we would not have the evidence that, however disgusting the excess of protest, many boys and girls of 18 can stick to fundamentals more firmly than their parents.

Some 2,500 years ago one of the greatest edu-

OF DREAMS AND VISIONS



BY FELIX MORLEY

cators of all time had some advice to give about the generation gap. In Plato's words: "The best way of training the young is to train yourself at the same time; not to admonish them, but always carrying out your own admonition in practice."

That is good advice, even today, but is of little help in the central problem, which is the best procedure in the transfer of power from one generation to the next. Here, as in much else, we have something to learn from sport. The relay race is a good illustration.

All who watched this form of competition at the recent Olympic Games must have been impressed by the new technique. Originally, in this team race, the runner finishing his lap would

pass the baton to his teammate before the latter started, making the transition slow and awkward. Now the two runners, one closing and the other opening his course, run for some distance at full speed side by side, passing the baton so skillfully that a TV replay in slow motion is necessary to realize how smoothly it is done.

Of course that is generally the way a business operates. Those selected to take over a top job will for a time direct on virtually equal terms with the seniors who are finishing their course. During this transition the good executive will certainly not repress the suggestions of his junior, if they stand up to criticism based on long experience.

On the whole this problem of transition is also handled well under our system of government, at the national and state and local levels. The electorate has periodic opportunity to sit in judgment on those who make and those who administer the laws. And the system is arranged in a manner that frequently retains the competence of age without blocking the infusion of young blood into the body politic.

Americans are fortunate in being able to use the expression "President-elect" with confidence. Such advance assurance of a peaceful transfer of political power is rare. And that certainly is what made the Nixon Inauguration a matter of pride for all of us.

This system of representative government has brought political strength wherever honestly ac-

Contributing columnist Felix Morley is a Pulitzer Prize-winning former newspaper editor and college president.

cepted. Admittedly the electorate does not choose wisely in every case. But it is unlikely to produce the tensions or make the mistakes apparent where there is arbitrary or hereditary succession. It is memorable that one of the best of all the Roman Emperors, Marcus Aurelius, was followed by his son Commodus, unquestionably one of the worst. And the superiority of our system of political change to that of Communism is probably a bigger plus factor than the military balance to which so much more attention is given.

When we turn to the family, however, we see sadly that the gap between the generations is becoming increasingly difficult to bridge. Disorder in the home leads all too easily into disorder in the schools. And this is the more serious because family and schooling are so clearly the major transmission belts of civilization.

Where parents and teachers have much in common with the children they supervise, a society will be strong even though its economy may be backward and its government inefficient. On the other hand, military and industrial power cannot give real strength if homes and schools are generally broken or disordered.

The rapidity of change and the related breakdown of old concepts have brought more confusion into the American home than into our industry or politics. Between parents and their children discord has frequently arisen to replace harmony. Where there once was unity there is now hostility. As in many a sociological problem it is easier to observe the trouble than to say with objective certainty where the fault lies.

It would seem, however, that the difficulty is one in which elderly people could play a constructive role. Grandparents commonly get along with their children's children better than they did with their own. This is explained by saying that the aged can enjoy the youngsters (in moderation) without the pains of responsibility. But there are other reasons. Children are always interested in hearing about old times, from ancients who can remember when fire engines were pulled by dashing white horses and cows were actually milked by hand. Children have a natural liaison with those who are themselves slipping into a second childhood. Indeed immaturity and senescence (a much nicer word than senility) have much in common.

In the old-fashioned, pre-apartment, home grandparents had an honored and useful place. Modern life is not arranged to make such inclu-

sive households practical. But something is lost when the "senior citizens," now beginning to swarm everywhere, push off for Florida or more adjacent asylums of old age. They too have a contribution, if only team spirit and a sense of continuity, in the unending relay race.

Christmas is pre-eminently a family festival. A few days before its last celebration *The Wall Street Journal* published an interesting feature article about the post-retirement activities of "former top executives." One, aged 72, was learning to pilot airplanes. Another "is involved in about 25 business and civic committees." A third veteran, at 74, finds that world travel and preparations for it fill his spare time.

These and other oldsters cited have surplus energy as well as surplus leisure. But the curious thing is that even at Christmas there was none who spoke of sharing the fruits of long experience within the family circle.

Maybe it was thought that such domestic pastime is too ordinary to mention. Under current conditions of alienation, however, anything that consolidates the family can be called important. And happily that seems to be the opinion of the Stanford University News Service. It has distributed a long release about an optional course there in which the silent movies of a generation and more ago are replayed with commentary by a teacher.

This opportunity to view "their parents' cultural heritage," says the release, has "developed into one of the most popular of Stanford's freshman seminars."

That California experience would seem to cast doubt on Shakespeare's cynical contention that: "Crabbed age and youth cannot live together. Youth is full of pleasure, age is full of care." Perhaps that is less true now than it was in the Bard's day. Since then the onward march of civilization has brought new cares for youth, as well as many uncrabbing pleasures for the aged.

Long before Shakespeare, moreover, a Hebrew prophet suggested that our much-discussed generation gap is actually a matter of reconcilable viewpoints. "Your old men shall dream dreams," Hosea told the Children of Israel, "your young men shall see visions."

The dream of what might have been, and the vision of what could be, are only different aspects of the same vista, as seen at sunset and sunrise on the path of life.





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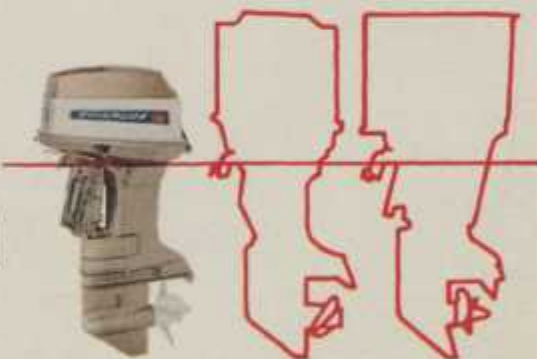
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PEACE AND PALACES

BY ALDEN H. SYPHER



enemy equipped with the newest and deadliest weapons produced by Russia, a particularly forceful member of the United Nations Security Council.

In the Middle East, where peace also is most noticeable by its absence, a related kind of

Plans for magnificent new quarters in New York City where United Nations diplomats and their families could live, work and play have been approved by Secretary General U Thant.

Buildings conceived to reach new peaks of splendor as well as usefulness would form a new international show place centered around the point where the present United Nations Headquarters stands.

One of the most imaginative, and perhaps costly, features would be a three-acre park built on a platform running along the East River, which flows past the present headquarters building.

Included in the park would be tennis courts, a skating rink, promenades, comfortable places to sit, and courts for bocci, an Italian bowling game.

One huge building with twin towers would incorporate 700 apartments for United Nations families. The presently operating international school would be housed in the same building, along with a large swimming pool and an auditorium for the use of the children during school hours, and for other United Nations people after hours.

Another structure would include a visitors' center, delegation offices, and hotel and apartment quarters.

The cost would be hundreds of millions of dollars, and it would take up to five years to complete the ambitious program.

While these plans for greater grandeur were being pored over in New York by the international thinkers who like to consider themselves the world's peace keepers, American battle deaths continued to be counted in the hundreds week after week in the snake-infested mud and dust of Viet Nam. There Americans face a wily foe extremely skillful in fire and fade away tactics, an

show holds public attention.

In Baghdad the bullet-ripped wreckage of a Super Mystere fighter-bomber is on public display. This jet was built by the French, another member of the United Nations Security Council, and sold (presumably profitably) to Israel.

It was shot down in Jordan by Iraqi soldiers using Russian anti-aircraft guns.

The French plane will be replaced by the United States, also a member of the Security Council.

This because the French have refused to deliver replacements for which they already have been paid, until President de Gaulle decides whether to switch sides in the Middle East conflict, or possibly even to stay out of it, although this hardly is the path to the greater glory of France, which the ancient general so deeply wants to take.

So now the United States backs one side of the war with supplies, and Russia backs the other.

Thus the two biggest, toughest and most powerful members of the United Nations Security Council—the peace keepers—find themselves in a box. Without their support the war would not be possible. Neither Israel nor the Arabs are capable of building planes, helicopters, tanks, or any of the other highly complex implements of modern war.

Since neither supplier can find a way to end the war, they support it. In effect these two Security Council members carry on war against each other by proxy, simply because they can't get together on how to stop it. At the same time they put pressure on the United Nations to end it.

Which is like sending Nguyen Cao Ky to slap some sense into Mohammed Ali.

In Umuahia four jet warplanes bearing Nigerian markings swept in over the Biafran administrative headquarters with guns blazing. Bullets ripped into buildings and people. Half a dozen were

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killed, more than 100 hurt. The planes were made in Russia. Great Britain, another Security Council member, also sends supplies to the Nigerians.

At this time the issue that gripped the attention of the United Nations concerned an attempt to oust South Africa from the world organization's Conference on Trade and Development.

The black African nations, many of them micro-states, which have flooded into the United Nations in recent years, don't like the racial segregation policy of South Africa.

Unlike the big powers in the Security Council who seem wholly powerless to make any move toward the peace they say they seek, the black Africans found a way to get a little action on the issue which they find is closest to their hearts.

Although they haven't yet found a way to kick South Africa out of the United Nations, they did find a way to give that country a swift boot in its striped pants.

Black Africans lined up the support of some Asian nations in the Economic Committee, which controls the development conference, to bar South Africa from that meeting.

This stood peace keepers of all grades on their collective ear. Mr. Thant conferred with Richard Maximilian Akwei of Ghana, chairman of the committee, and afterward said the situation threatened the whole structure of the United Nations.

The legal opinions of Constantin Stavropoulos, the international organization's general counsel, were brought to bear on the black Africans.

The neophytes were told what they had in mind couldn't be done—that such action as they contemplated was outside their power. They were lectured quite severely.

So they voted 49 to 22, with 23 abstentions, to bar South Africa from the conference.

"Whether it's legal or not, we will do what we think is right," said a spokesman for the black Africans.

They were practicing majority rule democracy, just as the white man had told them it works.

The committee action was upset in the General Assembly.

But the vote did bring to the point of fact a fear that the emerging nations, because of an incredible lack of foresight in fixing the rules at San Francisco, could control the United Nations. The world has changed greatly since 51 founding nations set up in the summer of 1945 this idealistic

effort to achieve and preserve peace. Today the membership is 126. Many countries which have swelled the total were not even in existence in 1945. One has less than 100,000 population. Twenty each have less than one million. But all votes are equal in the General Assembly.

Costs are far from equal. Minimum assessment is .04 per cent of the operating cost, estimated for this year at \$150 million. Two dozen of the smaller countries all together pay less than one per cent. We pay slightly over 30 per cent. Russia is next at 17. Costs are shared on an ability to pay basis, adjusted in conference.

The imbalance set up by the equal vote rule, former Secretary of State Dean Rusk once noted, makes it theoretically possible for a two-thirds majority in the General Assembly to be formed by nations with only 10 per cent of the world's population.

Which suggests the charter needs revision. It suggests also that it may be a good thing that pending such revision the United Nations remains the debating society it has become.

There's a good chance that the magnificent new buildings approved by Mr. Thant will rise soon

along the East River.

Both Governor Rockefeller of New York and Mayor Lindsay of New York City support the program for added United Nations splendor, although both say added taxes are an absolute necessity to ease the financial pinch in their jurisdictions.

Most of the cost of the programed expansion will come from the taxpayers of the United States, not of the other 125 member nations. Some will come from foundations. Nothing will come from the United Nations. It hasn't any money.

It's \$38 million in debt for services rendered for peace seeking or keeping operations in the Congo and in the Middle East. The United States is owed \$4.5 million which it probably never will get.

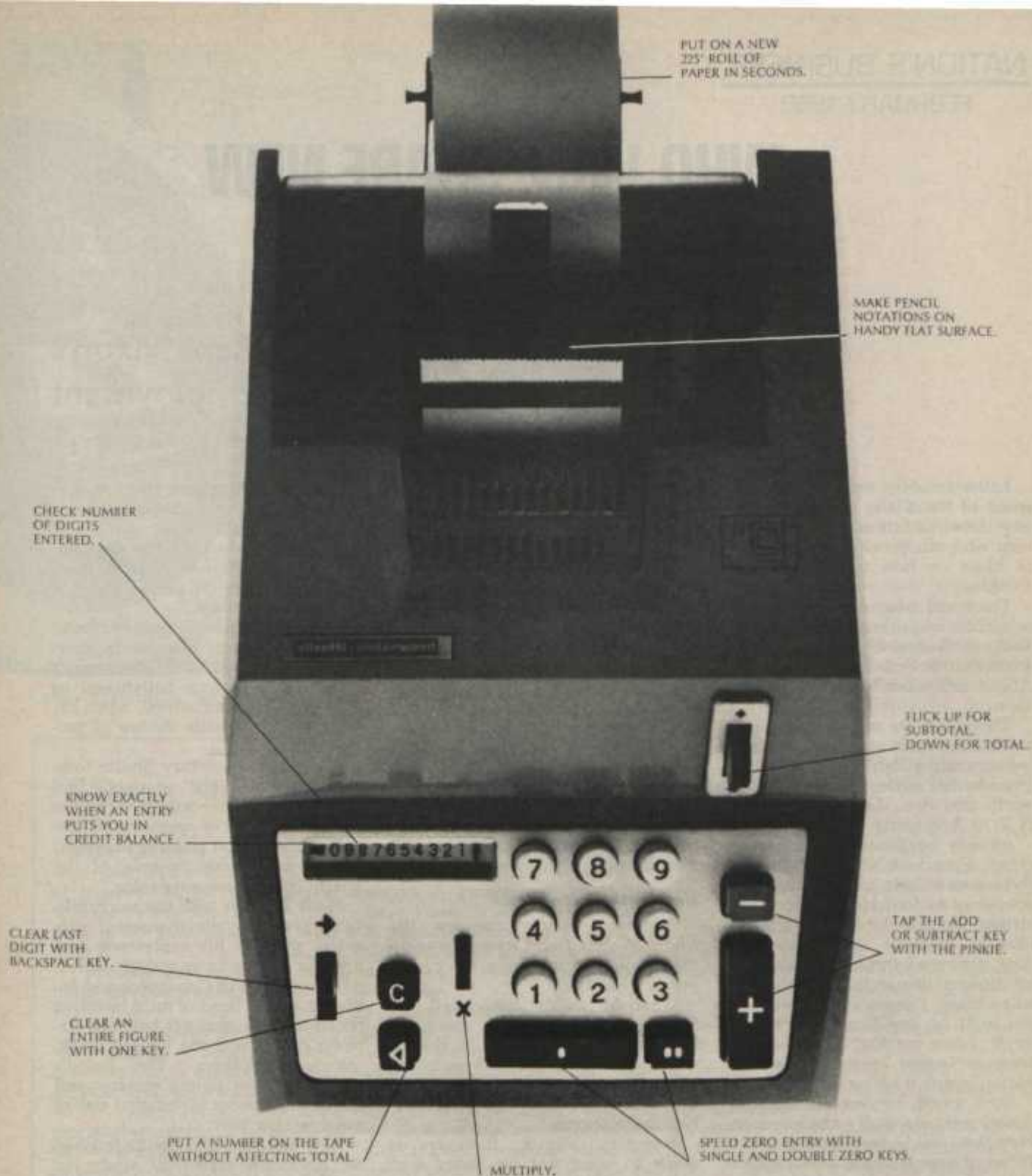
The financial troubles started years ago when Russia and France declined to pay their share for attempts to seek a kind of peace they didn't particularly want—although they withheld payment on technical grounds.

There's one rather obvious way the United Nations could cut its costs, and even catch up with its honest debts.

That would be to reduce the staff, which now has grown to 41,000.

Those remaining might dream more of peace, and less of palaces.





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WHO WILL SHAPE NEW LABOR POLICIES?

Here are the men who have President Nixon's ear on matters from strikes to unemployment

Labor troubles enshroud the opening of the Nixon years. But the new Administration has a galaxy of men who can provide a wide scope of ideas on how to eradicate the troubles.

There are men with well defined principles regarding labor affairs—such as Labor Secretary George Pratt Shultz, Sen. Paul Fannin (R.-Ariz.) and consultant Alan Greenspan.

There also are men who are more flexible in their approach, such as top economist Paul W. McCracken, Presidential adviser Robert F. Ellsworth and Sen. Jacob Javits (R.-N.Y.). And many more.

Already burdened with inherited crises, President Nixon will turn to these men to help him deal with the specter of nationwide transportation strikes, public employee walkouts, massive boycotts and featherbedding, gang-up bargaining techniques by unions demanding inflationary wage hikes, masses of restless people unfit or unwilling to enter today's labor market, and seething tempers fanned by racial discrimination in union hiring halls.

Such problems vex all thinking Americans, especially businessmen. How they will be met depends greatly on the experience and philosophies of men in labor-related agencies, the formal and informal advisers to the President and the President himself.

The center of attention in most major labor disputes of the past three decades has eventually shifted to the U. S. Labor Secretary. Victor Riesel, long-time labor commentator whom union hoodlums blinded with acid, declares that the power of the Labor Secretary is exceeded in the Cabinet only by that of the Attorney General.

President Nixon's Labor Secretary, broad-shouldered George Shultz, does not act the part of a man cloaked in such power. At 48, he is soft-voiced and unassuming. He's the only Cabinet member who wears glasses in public. Before answering a tough question, Secretary Shultz characteristically looks down at his folded hands for a moment of deep thought. His response is precise, often profound.

Secretary Shultz' successor in the dean's chair at Chicago University's Graduate School of Business, Dr. Walter Fackler, describes him to NATION'S BUSINESS as "a man of impeccable intellectual and moral integrity . . . an action-oriented guy who is solid with good judgment."

He's no interventionist

Secretary Shultz opposes the whole 35-year trend toward government intervention into labor disputes. (See box.)

When Mr. Nixon introduced Mr. Shultz to the nation, he described him as "a man who may be able to mediate some of those devastating labor-management crises before they come to the strikes that paralyze our economy."

Secretary Shultz, however, is quick to point out his belief that mediation is "the continuing job" of the Federal Mediation and Conciliation Service, not the Labor Secretary.

National emergencies due to strikes, he claims, are much rarer than they are headlined. He adds that when a genuine emergency occurs he would be inclined to favor "partial operation" of the struck industry or facility.

Secretary Shultz trusts free enterprise's ability to solve the country's manpower problems, too. He

wants as much private effort as possible injected into current government training programs.

He charitably calls the past decade of multifarious federal manpower programs "a period of fruitful experimentation."

Those who know Secretary Shultz closely, however, say he is thoroughly disgusted with government retraining programs ballyhooed as bold and new, but which, when examined, reveal little chance of succeeding.

At present Secretary Shultz foresees "no ideal mix" of public and private manpower efforts. But he believes "a kind of operating philosophy" toward job training programs will develop with "people of the ghetto" having a strong voice.

He is familiar with the workability of privately run manpower programs through his experience as a director of four firms and the Chicago Association of Commerce and Industry and as head of an arbitration board under a contract between Armour & Co. and the United Packinghouse Workers. The board's main task was to get employment for persons being automated out of meatpacking jobs.

Late last year Mr. Shultz finished an elaborate statistical study on 4,000 employees in 74 firms in the Chicago area. The study in general supports the worth of a free labor market.

Secretary Shultz is expected to heed particularly the employment problems of persons in ghettos, with an eye toward encouraging still more private involvement. In this he is likely to look hard at racial discrimination in labor unions, a major cause of proportionately high unemployment among minorities.

Secretary Shultz says his over-all



Labor Secretary Shultz

George Shultz: processes serve best

Labor Secretary George Shultz, while dean of the Graduate School of Business at the University of Chicago, wrote the following regarding the government and labor affairs:

"Possible approaches to labor policy can be classified broadly into two types.

"The first, and most tempting to many people, is direct and solution-oriented. Its apparent simplicity is attractive. If we do not like strikes, outlaw them. If we don't like featherbedding, prohibit it. If we think wage rates are too low, raise them by action of the government; or if they are rising too fast, establish guides to control the rise.

"The emphasis here is always on meeting a pressing problem with a direct solution—or at least what may appear to be a solution. This approach can be summarized by the old saying, 'There ought to be a law.'

"The other approach looks at the structure and processes from

which solutions emerge, rather than at any individual result. When results in general are unsatisfactory, it asks what kind of process is producing them; and it leads to suggestions for changing the process, thus affecting results—but indirectly.

"I find it hard, by way of a process-oriented example, to accept an arrangement that involves the payment of unemployment compensation to strikers, as in New York or on the railroads.

"On the whole, an approach that emphasizes processes seems to me preferable to one that goes directly to a particular result. This in part is a practical judgment about what is most likely to work. But it also is a statement of ideological preference—a preference for arrangements that allow freedom of action for companies, unions, and collective bargaining arrangements, and is in tune with the objectives of a society with at least major emphasis on individual and organizational liberty."

relation with unions will be that of "a good listener." He plans to be patient and "try to understand the problems coming up as they [the unions] see them."

Several union leaders have applauded the Shultz appointment.

On the other hand, the AFL-CIO's president, George Meany, who had fought tooth and nail to prevent Richard Nixon's election, sent a chilly congratulatory letter to Secretary Shultz. It contained not a single laudatory comment.

Mr. Meany and Mr. Shultz have since sat down together in some long, earnest sessions.

The unionists who are apt first to object openly to Mr. Shultz are the militant leaders of public employee unions. Secretary Shultz has said flatly, "I deplore strikes of public employees." But he has not yet found a policy he can "feel comfortable with" regarding such strikes.

Much of the spadework in developing a policy toward problems created by public employee unions has been done by brawny Arnold R. Weber, professor of industrial relations at the University of Chicago. Mr. Weber worked with Mr. Shultz also on a federal task force to improve the U.S. Employment Service.

A lukewarm Democrat, Mr. Weber waited until after the election to join the Nixon task force on manpower and labor-management relations headed again by Mr. Shultz.

When tapped by his ex-boss to be Assistant Secretary of Labor for Manpower, Mr. Weber was in the second year of a three-year, \$400,000 study for the nonprofit Brookings Institution and the Ford Foundation on problems of collective bargaining in public employment. He refers to the public employee problems in his native city, New

York, as an "exercise in Armageddon."

The new Under Secretary of Labor, James D. Hodgson, recently told the Industrial Relations Research Association:

"A union must be recognized for what it is—an organization granted special privileges by government statute with special public policy responsibilities, not an organization that can continue to be operated largely as a private association . . .

"Two things make further regulation of union internal affairs either likely or inevitable—the prevalence of compulsory union membership and the spreading use of fines by unions as an instrument of member control."

At the time, Mr. Hodgson was vice president of Lockheed Aircraft Corp.

Despite such statements, P. L. Siemiller, president of the Machinists Union, which has dealt often with Lockheed, considers Mr. Hodgson's appointment "top-flight."

Mr. Nixon's first appointment from the labor ranks was Elizabeth Duncan Koontz, Negro president of the quasi-union National Education Association and a Democrat. As director of the Women's Bureau, she says she will work to improve "the employability of women and equal opportunities for women."

The new Commissioner of Labor Statistics, Dr. Geoffrey H. Moore, calls himself an "independent Republican." As vice president of the private, nonprofit National Bureau of Economic Research, he was known as a specialist in the study of business cycles.

Men to whom Nixon listens

Another man President Nixon listens to on labor problems is fellow lawyer Stuart Rothman, a former Labor Department solicitor and a former NLRB general counsel.

President Nixon also is expected to lean occasionally on three friends who were Labor undersecretaries of the late James P. Mitchell in the Eisenhower Administration. They are John J. Gilhooley, Rocco Siciliano and George C. Lodge.

Mr. Gilhooley, a tall, handsome 48-year-old New York lawyer, was a king post in Mr. Nixon's Presidential campaigns in New York both in 1960 and 1968. As commissioner of the union-beleaguered New York City Transit Authority—with special responsibility in labor relations—Mr. Gilhooley has garnered a ribbonful of combat stars and

some purple hearts in public employee negotiations.

Mr. Siciliano, a suave Utahan who has been heading up the Pacific Coast Maritime Employers, may lend expertise in handling maritime labor problems and in other areas since he is to be undersecretary of Commerce.

George Lodge is the son of Henry Cabot Lodge, Mr. Nixon's 1960 running mate. Since his days as assistant Labor Secretary for international affairs, he has taught at Harvard Business School and conducted seminars in labor-management relations in Central America, and he once challenged Massachusetts' Ted Kennedy for the U. S. Senate.

The man who took Mr. Lodge's post at the Labor Department is George L-P Weaver, the highest ranking Negro in the Department.

President Nixon could apply the talents of Mr. Lodge and Mr. Weaver to the crisis in international labor relations reflected in the AFL-CIO's withholding of support to the International Confederation of Free Trade Unions. Mr. Meany is fuming at the ICFTU for its hesitancy in rejecting the membership application of his rival, Walter Reuther, the reddish haired president of the United Auto Workers.

Mr. Meany has at least two fast friends who have the President's ear in international matters—Secretary of State William Rogers and Robert Murphy, the elderly veteran diplomat who is chairman of Corning Glass International.

Mr. Meany's AFL-CIO looks much more harshly on another of Mr. Nixon's Cabinet members, De-

fense Secretary Melvin R. Laird, who will be making many decisions affecting unions, especially regarding defense contracts. AFL-CIO calls him a "hidebound conservative."

As a Congressman and member of the Labor Appropriations subcommittee, Mr. Laird compiled an AFL-CIO voting record of only seven per cent. Those Congressmen who always vote the way the AFL-CIO wants get 100 per cent.

At any time, Attorney General John N. Mitchell also could glide into the labor limelight. He can prosecute unions in many areas in which they skirt the law: Antitrust violations, misuse of union funds for political purposes, racial discrimination, union ties with the underworld.

So far, however, Mr. Mitchell has shown no intention of delving deeply into these fertile fields.

In its official memo to the membership, the AFL-CIO's political front, the Committee on Political Education, says the following about some other Cabinet members:

George W. Romney, Secretary of Health, Education and Welfare: "Moderate on most issues, but believes in restrictive labor legislation."

Winton M. Blount, Postmaster General: "President of U.S. Chamber of Commerce . . . has negotiated with unions in construction industry, but there's no indication how he'll view federal employee unionism."

John A. Volpe, Secretary of Transportation: "Rose from construction worker to millionaire contractor . . . holds card in Plasterers Union."

The Machinists Union notes the following about Interior Secretary Walter J. Hickel: "Member Carpenters Union, Anchorage, from 1950 to 1953; dropped for nonpayment of dues."

Advice from Capitol Hill

Whether he wants it or not, the new President is sure to get plenty of advice on labor policies from the Legislative Branch. Of the men on Capitol Hill well schooled in labor affairs, three Republican Senators have the best pipeline into the White House—Arizona's Paul Fannin and Barry Goldwater and New York's Jacob Javits.

They'll provide President Nixon with a wide spread of opinions on just about every labor issue. While the Arizona Senators couldn't get lower in the AFL-CIO ratings, Sen.



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Much labor policy will spring from the President's Council of Economic Advisers. Its chairman, Paul W. McCracken, has been pictured in a variety of philosophical positions. He has been dubbed "definitely left of center," "eclectic," "slightly to the right" and "an Adam Smith economist."

Mr. McCracken may have to play all these roles if he tries to carry out his own chief objective, "progress without inflation," and at the same time honors former President Johnson's plea for full employment.

Another CEA member deeply involved in the employment problem is Herbert Stein. He recently completed a study on "unemployment, inflation and economic stability" for Brookings Institution, of which he was director of economic studies.

Mr. Stein, who headed Mr. Nixon's task force on fiscal policy, suggests that a yearly surtax adjustment be made to hold down both unemployment and inflation. The surtax could be zero some years and, if need be, even negative—that is, a tax credit—in others.

Although President Nixon has said inflation can be stopped without increasing unemployment, Mr. Stein maintains that "an interval of higher unemployment" could be acceptable if the current 4 per cent rate of inflation were lowered to 2 per cent through reduced spending in the total economy.

The national unemployment rate probably is less significant than the fact that unemployment and low-paying jobs are peculiar to some areas and among some peoples, Mr. Stein points out.

He approves of tax incentives to businesses to encourage hiring of "unemployables."

Both mandatory wage-price controls and "voluntary" guidelines gall Mr. Stein. He claims that guidelines "eventually degenerate into arm-twisting."

One of Mr. Nixon's sharpest economic consultants is tall, angular Alan Greenspan, president of Townsend-Greenspan & Co., Inc., a New York firm of business consultants. He has been Mr. Nixon's budget liaison man.

Along with economist Arthur Burns and urbanologist Martin Anderson, author of "The Federal Bulldozer," the best-selling book attacking urban redevelopment programs, Mr. Greenspan has been sorting out the thoughts of a score

of Nixon task forces on specific problems.

Mr. Greenspan has been a nonsense advocate of laissez-faire capitalism—the separation of economics and state. In the labor field this means that workers should be free both to bargain for wages as groups if they please and to refrain from joining such groups.

On principle Mr. Greenspan has opposed minimum wages, hours restrictions and most of the rest of the myriad of obstacles to a free labor market.

He has advocated complete freedom of the individual in labor affairs, as in all matters, so long as the individual does not infringe upon another's rights.

Mr. Greenspan attributes the rising standard of living in the United States not to labor unions but to the capital market's generation of greater incentives to increased productivity.

To union wails that profit rates are climbing faster than wage rates, Mr. Greenspan responds: "An enterpriser's profits are not at the expense of wages. They are what make wages possible."

President Nixon may seek the advice, too, of Milton Friedman, another celebrated economist from the University of Chicago.

The economic wisdom of Commerce Secretary Maurice H. Stans, an accountant and banker who was President Eisenhower's Budget Director, is sure to penetrate White House policy-making in labor affairs.

Any renewed effort to merge the Commerce and Labor departments would thrust Secretary Stans even

Mr. Greenspan favors free society in which government concentrates on protecting rights of individuals.



more prominently into labor matters. Already he is expected to be more involved in manpower and job training activities than any previous Commerce Secretary.

A man in the White House whom Secretaries Stans and Shultz and Mr. Weber will deal with often is Robert F. Ellsworth, special assistant to the President for job training programs. In reviewing the government's job training and retraining programs, he has consulted with Henry Ford II about the National Alliance of Businessmen's programs to provide jobs for the hard core unemployed.

During his three terms as a Congressman from Kansas, Mr. Ellsworth voted the way the AFL-CIO wanted only 18 per cent of the time. He is considered a "generalist" who will be used also in "troubleshooting" foreign problems. His job is to help the President with policy and programs and to work on special foreign and domestic projects.

The unions' 'certified enemy'?

The final decisions on the Administration's labor policy lie, of course, with President Nixon himself.

If you listened to the unions' campaign propaganda during the Presidential race you might conclude that the Dark Ages of American labor are about to begin. The unions subjected candidate Nixon to their biggest and most expensive political tar and feathering in an effort to swing union voters over to Hubert Humphrey.

Mr. Meany called Mr. Nixon "the certified enemy of the labor movement," and the labor press dutifully took up the theme.

The union press continually reminded readers that Mr. Nixon, when Vice President, cast the tie-breaking Senate vote for the Landrum-Griffin amendments designed to check racketeering in unions. More of such "antilabor" laws would be the inevitable result of a Nixon victory, the unions shrilly warned.

Actually, there is faint chance that the early years of the Nixon Administration will see any major reform in the labor laws (See "Will unions lose their political grip?" January, 1969).

What Mr. Nixon can do, however, is to convert the Labor Department from a sanctuary for union interests into what the new President believes it should be—an agency for protecting the rights of all American workingmen.

END

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OUR CONCERN IS PEOPLE

SURVEY OF MAYORS ON ILLS AND REMEDIES



Soaring crime, shortage of housing, financial problems—the major woes of the cities cited by most mayors—plague Walter Washington in nation's capital, the District of Columbia.

All across America, there is evidence that "urban problems" are not just a crisis of the big cities.

A NATION'S BUSINESS survey reveals that even small town America frets over how to make dwindling finances meet burgeoning needs; how to control crime, pollution, and welfare rolls.

It's worried about jobs, education needs, housing and how to curb downtown decay. Even in the smallest towns the "race problem" upsets people.

Everybody knows the big city mayors face tremendous problems. Small city mayors know they have problems, too, and their biggest job is to try to cure them before they become greater. NATION'S BUSINESS surveyed 500 American mayors.

"Spokane is just emerging as a metropolitan center," says Mayor David H. Rodgers of his city of 181,000. "The events which have led to slums and ghettos and the attendant problems in the great metropolitan centers have yet to run their full course in Spokane."

"Our greatest problem is to convince the electorate that it is in the best, long range interest to take moderate steps now to prevent these events from running their full course. It seems the voters are seldom roused to action until the problems require drastic measures for solution. It's the responsibility of city

officials and civic business leaders to convince the people that minor surgery now will preclude major surgery later."

Almost every mayor in every city says the biggest problem he faces is money. There's not enough to do what they think needs to be done.

But Mayor Ralph N. Hooks of Abilene, Tex., voices the sentiment of many small and medium-sized cities when he says the biggest worry is "apathy and lack of public understanding towards present problems that in the future may grow into large problem areas."

NATION'S BUSINESS asked the mayors:

How do you feel toward federal assistance in the form of bloc grants?

What is your biggest problem?

What do you most hope for from the Nixon Administration?

What is needed to reduce crime?

Do you favor tax incentives to encourage private industry to do more in ghetto housing and hiring hard-core unemployed?

Financial help wanted

An overwhelming majority believes in some kind of financial help because local tax sources have eroded and they say Washington has pre-empted the revenue sources over the years.

"In 1902, localities received 51

per cent of public revenues while the federal government collected 38 per cent," says Mayor William F. Walsh of Syracuse, N.Y. "Sixty years later, the local share was down to 19 per cent and the federal share was up to 63 per cent."

Most mayors face common problems that differ only in scope. The small and medium-sized recognize almost universally that practically all the problems torturing the big cities could be theirs, if they aren't already.

"The cities are the battleground for change and we find ourselves without the adequate resources to promote or control it," says James L. Trainor, assistant to Detroit's Mayor Jerome P. Cavanagh.

"We are on the local firing line," declares Mayor Charles W. Wright Jr. of Topeka, Kans. "We need less red tape and buck passing and telling us how to solve our problems."

The mayors, city councilmen and aldermen of America are businessmen, lawyers, doctors, housewives, teachers and publishers.

Many serve without pay or with token pay. They share a common concern for the cities in which they live and have a common dream that their towns will approach Everyman's Utopia.

City officials, through the National League of Cities, have urged



Syracuse Mayor William Walsh says the huge federal tax bite is leaving scant revenues for cities.

development of a national urban policy to rank with the nation's foreign and economic policies in determining needs.

President Nixon has set up a Council of Urban Affairs apparently to do just that.

Share with us some federal tax revenue, the mayors beg Washington.

Share with us some of the burdens, they ask the suburbs.

PHOTO: LILLIE H. BROWN/PTA

PHOTO: DICK COBB—BLACK STAR



A new era of confidence and trust is what Tulsa, Okla., mayor J. M. Hewgley Jr. hopes will be goal of Nixon Administration.

Share with us some of your know-how, they urge business.

"Aid to cities is not a political partisan matter," contends Mayor Hans G. Tanzler Jr. of Jacksonville, Fla. "It is an American matter."

In their replies to NATION'S BUSINESS, mayors of small and medium-sized cities call for city-suburban cooperation. Many talk of the need to develop regional or metropolitan governments, or at least a larger sharing of city woes by suburbs.

"Suburbanites must take a greater interest and active participation in the problems of the city. To do this even to the extent of voluntarily becoming a part of the city," says Mayor Ed Flanagan of Anderson, Ind.

"Pooling the tax base and operating as a regional government rather than separate communities," is the suggestion of Mayor Thomas E. Roby of Watertown, S.D.

Better than 70 per cent of the mayors responding listed money as their prime problem.

Mayor James Tate of Philadelphia makes a dire prediction: "Unless federal funds are continued and increased, the older cities of the northeast face bankruptcy within the next decade or even the next five years."

An overwhelming majority—bet-

ter than 60 per cent—of the mayors came out in favor of President Nixon's proposed tax incentives for private industry in rebuilding ghetto housing and training and hiring hard-core unemployed.

But many mayors say this could not replace federal and state assistance.

The nation's soaring crime rate particularly concerns the mayors, not only in the huge, boiling pot cities. It is also a subject of acute interest to the small, medium-sized, suburban and rural area cities where crime is climbing so fast. And while the number of rapes, murders, robberies and burglaries may seem small compared with those of a metropolis, they get more attention in newspapers and seem to hit home harder.

Slayings in New York City can seem impersonal. But four slayings in Dearborn, Mich., against none in 1967 has impact. For the same reason, 25,000 burglaries in Chicago won't have the same shock as 583 in Pueblo, Colo. FBI statistics for the first nine months of 1968 show an over-all increase in crime of 19 per cent and in suburban communities it has jumped over 1967 by the same percentage. It was up 13 per cent in rural areas.

Mayors from all sizes of towns insist the ultimate solution to crime lies in strengthening family moral

ANSWERS TO THE URBAN CRISIS *continued*

fabric, wiping out slums, creating jobs and housing and making educational opportunities available to all. But they add that courts and officials must be firm in preserving law and order and police forces must be better trained, educated and paid.

Mayor William J. Ensign of Toledo says the way to reduce crime is through the "A, B, C's of Crime Control. Add more police, properly paid; better street lighting; community involvement to make a city a better place to live—housing, adequate education, job opportunities, and correctional improvements, juvenile and adult probation, institutional and parole facilities."

Vice President Spiro T. Agnew has been tabbed by the President to serve as the Administration's chief liaison with state and city officials.

The Vice President has spoken of the need to develop cities in the 30,000 to 100,000 bracket, calling them "our nation's growth centers."

Many officials of smaller cities fear that the problems of the metropolitan centers might seem so overwhelming as to make their needs pale.

"I do hope President Nixon will give some thought to setting up a committee, a commission or something to deal with towns and cities under 50,000 population," says Mayor Wesley L. Davis of Bristol, Tenn.

Smaller city officials know they share big city torments. For instance, Philadelphia's Mayor Tate sees housing as the No. 1 problem he faces. And so do Mayors Albert D. McCoy of Aurora, Ill., Andrew J. DiPaola, Glen Cove, N.Y., and Dr. Bernard D. Pinck, Passaic, N.J., to name a few.

The mayor of the nation's biggest city, John V. Lindsay of New York, articulates the reasons for much of the city woes:

"The late 1960's is a time when the last half-century has finally caught up with America. For 50 years our cities have been swelling with the untaught and the unskilled, migrant population which fled regions where survival itself was threatened and crowded into our urban centers.

"Now with the opportunity for the unskilled long gone, cities stagger under the weight of demands unfulfilled. We cry for history to stop and it only speeds faster toward an uncertain future."

Here are some of the mayors'

comments on their No. 1 problems: "It's finances"—Mayor Victor H. Schiro of New Orleans.

"Racial . . . with attendant problems of unemployment, housing and crime"—Mayor John H. Reading, Oakland, Calif.

"Adequate municipal revenues to upgrade services and rebuild our city"—Mayor Joseph A. Doorley Jr., Providence, R.I.

"Maintaining a peaceful community climate in which material and human progress can continue to be made"—Mayor Stan R. Brookshire, Charlotte, N.C.

"Schools and education"—Mayor William Rocheleau Jr., Lewiston, Me.

"Water and water pollution"—Mayor Oscar Bierwagen, Walla Walla, Wash.

"Getting the citizens to vote

of interdependent municipalities"—Mayor E. Dent Lackey of Niagara Falls, N.Y.

"The ability to communicate and develop understanding and mutual objectives between government and public"—Mayor J. Clifton Hurlbert, Aberdeen, S. D.

In answer to the question of what they expect from the Nixon Administration, about half the mayors say they want understanding and realistic help.

They also want to cut red tape, rebuild the confidence of the nation, cut out "big brother" attitudes; they call for leadership, decentralization.

Here's a cross-section of their thoughts:

"Recognition that the mayors, councilmen and county commissioners have a better understanding of their local problems and the proper



One word—finances—sums up biggest problem for New Orleans' mayor Victor H. Schiro and it gives worst headache to almost all city officials.

enough taxes for capital improvements"—Mayor John T. Tully, Bastrop, La.

"All problems arising from congestion"—Mayor J. O. Braman, Seattle.

"A critical shortage of local revenues, a diminishing tax base, legal restrictions on our ability to provide for necessary tax sources"—Mayor Ivan Allen Jr., Atlanta, Ga.

"Trying to keep up with inflation created by the federal government"—Mayor J. Bracken Lee, Salt Lake City.

"Finances. The local real estate tax is becoming confiscatory"—Mayor Monte G. Basbas, Newton, Mass.

"Laws controlling our financial responsibility have not kept up with the demands placed upon city government"—Mayor Frank A. Bosh, Cedar Rapids, Iowa.

"Horse and buggy day boundary lines and the need for consolidation

solutions than the people in Washington, D. C.," declares Mayor Rodgers of Spokane. "It is time to recognize that the mayors are not the village idiots but probably have more knowledge and ability on urban affairs than any other group."

"A willingness of federal authorities to accept some responsibility for assisting local governments in solving their problems," says Mayor Ensign of Toledo. "We know that the majority of our welfare recipients are not native Ohioans. We also know that many of our major crimes are committed by people from other cities and states and that pollutants in water and air do not recognize state boundaries."

"Elimination of bureaucratic federal government and a reduction in giveaway programs to pressure groups," says Mayor Kenneth O. Tompkins of Johnstown, Pa.

"I hope the new Administration

will return sizable blocks of funds collected by the efficient processes of the Internal Revenue Service for appropriate use in solving problems which are truly local in character, although frequently bandied about as national issues," declares Mayor Richard G. Lugar of Indianapolis.

"A new era of confidence and trust," hopes J. M. Hewgley Jr. of Tulsa, Okla.

"Constitutional government," adds Mayor Phil J. Bagley Jr. of Richmond, Va.

"Willingness to give the city the benefit of the doubt in setting forth solutions," says Mayor Thomas N. Urban Jr. of Des Moines.

"A concern that the federal government sponges up a great deal of local taxpayers' funds that in some way should go back to the communities," says Mayor Harry Stevenson of Irvington, N. J.

Steps against crime

Almost 100 per cent of the mayors mention more police, better paid and better educated, as at least one of the important steps needed to reduce crime in the cities. Other steps mentioned almost unanimously are jobs, housing, education and the curing of slum ills.

"Better prepared police departments, more able to use modern methods and equipment and able to communicate and be accepted by the public it is serving," is what's needed according to John T. Goodale, assistant administrator of San Rafael, Calif. Also "the need of politicians and the minorities to stop making and stop believing many fantastic promises."

"More jobs for the unemployed, a better public image for police, more funds for hiring higher quality police, a renewal of moral standards," says Mayor H. O. Weeks of Aiken, S. C.

"The president of the U. S. to take a firm stand for law and order," says Mayor David G. Traxler Sr., of Greenville, S. C.

"Reversal of recent Supreme Court decision affecting law enforcement procedures; some means of effecting a more complete and comprehensive understanding between groups by training, schools, etc.," is the view of Mayor Betty Brunk of Springfield, Ohio.

Mayor Edward F. Harrington of New Bedford, Mass., sees it this way: "More decent paying jobs for ghetto people; a mass of housing programs to clean out slums; better

coordinated social services, a decent educational opportunity for everyone and an expanded, trained, mobile and sensitized police department."

"The general public accepting its responsibility not only to report crime, but to file formal complaints, testify in court and see justice rendered," says Mayor Lloyd L. Turner of Waterloo, Iowa.

Mayor W. W. McAllester of San Antonio, Tex.: "Get a new Chief Justice of the Supreme Court and quit mollicoddling law violators."

One key way to reduce crime is for a better court system that would tighten bonding procedures, believes Mayor Edward Schreiber of Galveston, Tex.

"Rebuild the moral climate of the people; awaken them out of their apathy and instill a concern for law and enforcement and the systems of justice," says City Manager Rudy R. Enbysk of Pendleton, Oregon.

Grants and incentives

Sample remarks regarding federal assistance by bloc grants, which a majority favor:

Mayor John S. Ballard of Akron: "The categorical grants program is in a state of disarray."

Take steps early to cure city ills, pleads Spokane's David Rodgers.



San Antonio's Mayor McAllester: "I would suggest we figure up our total federal expenditure on welfare, cut it in half and give bloc grants to states and cities and this will accomplish twice as much."

Mayor Charles W. Wright Jr. of Topeka, Kans.: "I do not favor bloc grants to states for city use."

Mayor Urban of Des Moines: "I would suggest that the role of the state be minimal. Red tape is always a problem at all levels. The more direct aid the better."

Mayor Patrick A. Dunne of Greenville, Miss., speaking of bloc grants: "It is the only way municipalities can effectively plan, program, budget."

Following is a cross-section of mayors' thinking on tax incentives for businesses involved in curing slums and unemployment.

"It's a start, but I'm skeptical as to its effectiveness," declares Mayor William L. Dalton of Glassboro, N. J.

"No," say Mayors Joseph W. Shea Jr. of Norwood, Ohio, and Earle Grueskin of Sioux City, Iowa, who adds "it will never do a very far-reaching job, only help on the surface."

But Mayor J. C. Lewis of Savannah, Ga., sees the tax incentive device as having "considerable merit."

"I would favor this approach," says Mayor Paul J. Cooley of Muncie, Ind., "but in the area of housing in particular I believe government and the private sector should work together as many of the problems of adequate low cost housing would require cooperation to solve."

Mayor Hugh J. Addonizio of Newark, N.J., one of the cities that have experienced major riots, says it must be understood that bloc grants can be only "one weapon in the arsenal needed" to solve city ills.

In the area of city-suburb cooperation there's a wide range of suggestions in which many large and small city mayors expressed the same basic ideas.

If there is a single area which dominated, it would have to be planning. Next would be the suggestion that in some way suburbs share city burdens.

"The suburbanite should realize he is dependent on the city for a livelihood and should help to defray city expenses and not run to the woods every evening and leave the city to fend for itself," claims Mayor Kenneth O. Tompkins of Johnstown, Pa.

END



As money for the new federal program pours into scores of communities, businessmen are often being shut out of the planning process, and some wonder if the program even will work



ANSWERS
TO
URBAN
CRISIS

ARE MODEL CITIES THE BUSINESS OF BUSINESS?

DRAWING: JOHN HEWLETT

To the growing number of people disenchanted with the chaos and conflict in federal aid for America's cities, the Model Cities program was billed as a radically improved product.

It's the pride of the Johnson Administration and of Sen. Edmund S. Muskie of Maine, Hubert Humphrey's Vice Presidential running mate and chief ball-carrier for the legislation in the Senate.

It became law in 1966. Since then, more than 150 cities have begun the involved planning process to implement the program. Grants of \$512.5 million are available for operation, plus \$142 million for urban renewal within designated Model Cities neighborhoods.

The goal of Model Cities is to coordinate all other urban programs, focus them on areas of physical and human blight in selected cities, offer additional funding, and forge a partnership between City Hall, the neighborhood people to be benefited and the private resources of the community.

The process involves concentrating public and private agency programs on related problems of, say, housing, education, health and employment.

That's the purpose; but it's not working out that way at all. In fact, many people directly involved candidly express doubts as to whether the program will work—even in part.

To be sure, there's no end of people who favor the concept. "If anything can renew the city, we think the Model Cities approach can," declares William Boucher III, executive director of the Greater Baltimore Committee, representing 100 of the city's largest businesses.

Interviewed at his office at the modernistic One Charles Center, he argues strongly for an attack on social as well as physical problems, treatment of causes as well as symptoms, partnership of city, neighborhood and private sector, "each working under a reasonable plan and each with specific responsibilities."

People without hope

"Model Cities has given hope to people who didn't have any hope," says Edith Woodberry, head of Woodward East Project, a Detroit community organization headquartered in a part of the city shunned by cab drivers at night.

The prospect not only of improve-

ment in their lives but of sharing in the process, she says, has made people come alive, become involved in the quest for solution to their community's problems.

In Hartford, Henry R. Roberts, president of Connecticut General Life Insurance Co., has urged coordination of neighborhood development, in recognition of the relationship between housing, education, recreation, jobs and transportation.

Warning that people can't be "measured, blueprinted, programmed," and that any attempt to do so would be disastrous, he has urged: "Let's involve the people of the neighborhoods in our dream rather than try to superimpose our own ideas. We will be amazed at how well they can identify what is needed to make their neighborhoods livable."

Each, directly or indirectly, wholly or in part, was arguing for the concept said to underlie Model Cities.

But how is the theory of the new federal program working out in practice?

Three cities with Model Cities programs were examined by NATION'S BUSINESS. That examination and talk with officials in a number of other cities suggest that the problems of Model Cities are widespread.

One common problem involved participation by business.

Business involvement in Baltimore? "Baloney," declares Bill Boucher of Greater Baltimore, who had served on an ad hoc Model Cities governing board until a neighborhood-based group took over. During the initial planning process, he says, constructive ideas were hooted down "just because they came from the business community."

Finally, the neighborhood group submitted to Washington a renewal plan developed largely by the city government's Model Cities staff. A key member of the staff regrets that his most promising ideas for business participation stood so little chance of acceptance that he deemed it prudent not to submit them.

"I'd have been booted out of the room," says Richard Granat, assistant director of the city agency, who enjoys the confidence of Greater Baltimore.

In Detroit, business is shut out, too, by many accounts.

Mrs. Woodberry declares also that "Citizen participation is a real big

ARE MODEL CITIES THE BUSINESS OF BUSINESS? *continued*

joke." This assessment is shared by a Negro woman physician, Dr. E. J. Crockett, a member of the executive committee of Detroit's Model Cities elected governing body.

Suspicion breeds

Mrs. Woodberry says suspicion is strong in the community that Model Cities housing proposals will be used by the city to remove Negroes from their neighborhoods. She says this would play into the hands of militants who warn that the community response would make the 1967 Detroit riots look like a picnic.

Will Model Cities work in Detroit? Only if the courts force the city to listen to neighborhood residents, Mrs. Woodberry says. Her organization has already gone to court to assure a citizen voice in a major street improvement project.

In Hartford, things got off to a rocky start when six members of the City Council ordained themselves the Model Cities agency. This threatened to shut out all other city officials, neighborhood participants and the business community.

The Greater Hartford Chamber of Commerce sponsored a taxpayers' suit to head off the move and to force representation of business, affected neighborhoods and city agencies.

Ironically, the outcome was City Council action which set up a Model Cities structure with business in a strictly subordinate role. "I'm like a minority group," says Chamber President Arthur Lumsden. "I want to be included."

Status quo in the saddle

The pattern in these three cities suggests Model Cities efforts tend to be dominated either by existing city agencies or neighborhood groups, contrary to the objective of the law and the best interests of business. Plans are being drafted in these and other cities to solve major urban problems. Business, with a broad stake in urban progress, will be affected whether the programs succeed or fail.

So, many business people, while committed to the objectives of Model Cities, doubt whether the program as developing will do the job, though they are willing to offer whatever help will be accepted.

And business has pledged to help in the cities cited, through the Detroit Board of Commerce, the Greater Baltimore Committee and

the Greater Hartford Chamber, whose immediate past chairman, Robert K. Mooney, has been a driving force behind the program.

Another sympathetic businessman nevertheless expresses the fear that "the whole thing will fall flat on its face if people with no experience or responsibility for running anything take over the spending of millions."

Moreover, specific business involvement in activities other than planning will be demanded in Model Cities neighborhoods. Builders and lenders for rehabilitation and new housing; manufacturers and service industries to increase job opportunities and training; technical know-how, financial resources and general business support for new black enterprises, to cite only a few.

The attitude in Detroit and Baltimore, where planning is farther along than in Hartford, seems to be, in effect: Business must become involved. But we'll get around to you when the action starts.

Anticipating the same situation in Hartford, Mrs. Lumsden of the Greater Hartford Chamber sums up the concern of many: "When it comes time for business to deliver, will they be ready to deliver? Will they be given a feasible plan?"

Regardless of how Model Cities programs go, and all over the country they're still largely in the planning stage, experience so far offers some insight into the difficulties to be encountered in any major attempt to involve business more deeply in urban problems.

First there's the intractable nature of urban problems themselves and their complex interrelationship. Good housing, for example, depends not only on the availability of decent structures but on the occupants' ability to pay, depending on education, training, health, employment opportunities and transportation providing access to the job.

While it makes sense to attack them simultaneously, in contrast to the single-shot approach of past programs, it's a monumental job. And here, Model Cities resembles many another federal program, particularly the anti-poverty effort, in staking out major goals with limited resources.

In Baltimore, Mr. Boucher calls it "ridiculous" to try to knock together a plan in a few months with a quarter of a million dollars. In

Detroit, David Cason Jr., director of the Model Cities agency, says a full year should have been devoted to organizing neighborhood residents and providing them with a full understanding of what Model Cities and the process of planning a program are all about.

Of the guidelines set out for planning by the Department of Housing and Urban Development, he says: "They're crystal clear—to a graduate student."

The federal guidelines were written largely by George A. Williams Jr., then a special assistant to H. Ralph Taylor, HUD's director of Model Cities. Mr. Williams later served as deputy director of Baltimore's program, and associates there said he was constantly bedeviled by his own guidelines.

Mr. Williams, who since has left Baltimore to work on a charter review commission in San Francisco, expresses little fault with his guidelines except to observe that they are somewhat complicated and should not be applied "woodenly."

In addition to the difficulties of following complicated federal guidelines, there's widespread suspicion and hostility in the neighborhoods. The suspicion is directed against City Hall, viewed as a hostile power, and against business as part of the establishment. In some rundown neighborhoods there is the feeling that "you can't do business with business."

A matter of black and white

The Model Cities program also tends to build racial antagonisms, at least in some areas. Baltimore's program is all-black—Negroes predominate in the area selected. The area surrounds a core of massive urban renewal and was selected on this basis.

Recently, Model Cities was put clearly in black—or black versus white—terms at a meeting in Detroit of an organization of elected neighborhood representatives from several Midwestern states.

Roger Prear, of Dayton, chairman of what is called the Region Four conference, delivered a race-baiting tirade against white society in general, whites in the Model Cities program and any Negroes who cooperate with them. But the black majority swiftly moved to adopt a resolution in effect repudiating his views.

Another albatross borne by the



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Model Cities program is the memory and history of urban renewal. This is particularly a sore point in Detroit, where urban renewal meant Negro removal.

The disruptive impact of urban renewal there was documented in a study by Wayne State University, confirmed by on-the-scene research by NATION'S BUSINESS.

At a meeting of the Detroit Model Cities committee on health, for example, one neighborhood woman reportedly blurted out: "If you people would stop moving me every four or five years to put up what you want to put up, you wouldn't have to worry about my mental health."

Then there is the background of the poverty program, which is in operation in the three cities examined.

Pressure from the poor

Two researchers, Robert H. Davidson of the University of California and Sar A. Levitan of George Washington University, comment-

ing on the poverty program, which is run by the Office of Economic Opportunity, said a great deal that is relevant to Model Cities:

"Programs aimed at alleviating poverty are likely to produce increased political participation by the poor. Such participation creates pressures upon established political leaders and may even generate hostility toward poverty programs. Articulate and activist representatives of the poor are bound to clash with merchants, landlords, welfare officials, and politicians.

"In many communities, Northern as well as Southern, OEIO's clientele threatened to grow into 'anti-establishment' political groups."

In a Ford Foundation study they described the program's plight:

"On the one hand, increasingly militant reformers were demanding a radical shake-up of existing political and social service practices. On the other hand, established political groups were alternatively responsive and hostile. The more members of the disadvantaged who

were brought to the threshold of political participation, the greater the potential impact upon established leaders."

Mr. Williams observes that in many areas the Model Cities program is caught up in the same sort of controversy as the federal poverty program. This is intensified by his own guidelines on community participation, or shared authority. While other provisions of the guidelines may appear complicated or wooden, the prescription for shared authority is vague.

This vagueness is the root of the power struggles over who's in charge: citizen groups, City Hall or the community at large.

Model Cities always was regarded by Washington as a City Hall program, Mr. Williams says, and the government never intended to create semi-autonomous sub-units of government out of neighborhood citizen groups.

David Pickett, head of the Des Moines citizens group, is convinced that citizen participation can turn

THREE PRESCRIPTIONS FOR URBAN ILLS

The Chamber of Commerce of the United States has launched a many-pronged attack on the mounting problems of hard-core unemployment, crime, substandard housing and race relations which contribute to today's urban crisis.

The National Chamber offers business leaders three programs to mobilize community resources to solve urban problems. The programs are called Forward Thrust, the Urban Action Exchange and the Urban Action Clearinghouse.

The Chamber acknowledges there are no pat answers to city problems. But these programs tell how citizens can take a more vigorous part in attacking urban ills.

Forward Thrust is an effort to encourage and help develop voluntary working relationships among groups—business, government, economic, religious, cultural, labor, civil rights, neighborhood and others—to mobilize community resources.

The emphasis is on grass roots

initiative, but the need to cooperate with government is recognized. Because of its distinct local character the program avoids the pitfalls that plague many government programs seeking to impose broad national remedies on what are uniquely local problems.

The idea is that there are no cure-all techniques which will answer every city's difficulties. Unemployment in Detroit differs from the employment problems of Atlanta; housing needs in New York are not the same as in Portland.

Urban Action Exchange is an information-sharing project in which more than 60 national organizations are cooperating to help combat and eliminate urban problems.

It provides useful information on subjects ranging from consumer relations to crime prevention and from health to manpower training.

The Urban Action Clearinghouse, on the other hand, is designed to develop and make available docu-

mented results of what some communities have already accomplished in meeting the challenge of the urban crisis. In short, a blueprint showing step by step how to tackle problems.

Already, a dozen case studies prepared by experts are in national distribution. They discuss major urban needs such as improved education, job training, better law enforcement, low-cost housing and modernized government. Each traces successes, points up pitfalls and sets down principles which can be applied elsewhere.

When the Clearinghouse's preliminary results were revealed recently, then President-elect Richard Nixon commented:

"The programs you are honoring are the first of what I hope will be still more case studies by national voluntary organizations. Other cities are moving successfully against urban problems, and the need to share this experience is vital."

ARE MODEL CITIES THE BUSINESS OF BUSINESS? *continued*

out to be more window-dressing. He tells *NATION'S BUSINESS* that he was present at a meeting of Model Cities staffs of city agencies and other municipal and federal officials in Detroit where the consensus was: Let the neighborhood people spin their wheels and stew in their frustrations and we'll write the plans.

Hostilities apparent in Detroit and Baltimore riots suggest that this is playing with dynamite. So say Mrs. Woodberry of Detroit's Woodward East Project and Dr. Crockett, of Detroit's Model Cities governing body. Their assessment: better no Model Cities program than one that holds out false hopes and then fails to deliver.

Though identified with the establishment in the minds of many Model Cities area residents, business also may be cut off from the program completely in some cities.

In Baltimore, Mr. Boucher and the Greater Baltimore Committee are examining the city's proposed action plan to see what role business can play. But Mr. Boucher

cautions that "Business can't force its way in."

In Hartford, David Mann, head of the city's Model Cities staff, feels business should have, but does not have, a voice equal to that of neighborhood residents. Not in terms of control, but in terms of its wealth of expert know-how in making things happen.

In Detroit, the Greater Detroit Board of Commerce is on record as favoring the program's objectives. A staff member serves on a commerce and industry task force and the Board has pledged to provide all assistance that will be accepted. Yet when a three-day planning conference was convened to draft final plans for submission to Washington, business participants were called in almost as an afterthought, with less than 24 hours' notice.

The Model Cities task force on housing had been at work planning for almost a year. Yet its citizen chairman, when asked about business involvement being solicited, candidly replied: "The answer to

the question is clearly No. It probably reveals one of the weaknesses in the program."

Albeit late in the game, the chairman, attorney Fred Fechheimer, recently had been in contact with Warren Couger, vice president of First Federal Savings and Loan Association, to discuss rumors that business won't lend money in the inner city.

He found that First Federal has made such loans, including at least a handful to mothers on Aid to Dependent Children. This contact launched an effort to break down stereotypes and communications barriers apparently impeding access to loans to inner-city residents.

Given the crisis proportions of urban problems and the fragmentation of efforts to solve them, a case can be made for a partnership involving the total resources of the community. Mr. Boucher of Baltimore, however, argues for a clear distinction between citizen participation and citizen control; a clear definition and reaffirmation of private and public responsibilities.

Efforts in some cities to make even participation meaningless have the effect of generating demand for control.

The future is unclear

The Nixon Administration has pledged to involve the private sector more deeply in the solution of urban problems. At the same time, top White House appointees including urbanologist Daniel Patrick Moynihan have expressed skepticism over the concept of neighborhood control over urban programs. Thus it's unclear what course Model Cities will run in the future, or how the experience under Model Cities to date will affect future efforts.

George Williams, the former HUD official, has told *NATION'S BUSINESS* that Model Cities set out to accomplish two objectives: 1, to strengthen the authority of mayors in coordinating and deploying the federal and local resources, public and private, in their cities; and, 2, to share this newly increased authority with the intended beneficiaries of the program.

He, along with others who have had a taste of the program, now has doubts that such conflicting objectives can be achieved under one program.

END

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ANSWERS TO URBAN CRISIS

MANAGING A WAR ON POVERTY

William P. Swartz Jr. (top) discovered it wasn't easy to find a way to help the poor—even with a \$250,000 gift. But Mrs. Jolliete Croson (center), a community leader in Roanoke, Va., and Cabell Brand (bottom), business leader involved in fight against poverty, helped him to hit on a solution.

If you wanted to give a quarter of a million to the poor, how would you go about it?

That's the unusual problem that faced William P. Swartz Jr., a Roanoke, Va., businessman who decided to donate that much in real estate.

The churches? They'd have a hard time getting together on how they'd handle such a project.

The local housing authority? That's bound in by all kinds of rules and red tape.

Welfare agencies? They, too, prefer to operate in familiar, orthodox ways.

Fortunately Mr. Swartz found an organization which seemed perfect to him for the job. It's called TAP—Total Action Against Poverty—a far-flung melding of area-wide efforts to help the poor.

It seemed simple. Mr. Swartz would hand over his 66 houses and lots to TAP which would make them available to the poor. But the housing operation hasn't been easy even for TAP's veteran officials and staff.

They had to rely on experience they'd acquired in their three years of dealing with the poor and cutting through federal red tape before they could even start planning for the housing program. That experience, however, is one of the main reasons Mr. Swartz chose TAP, and he is delighted with the progress that has been made since he announced the gift seven months ago.

The people are involved

"I'm sure they are on the right track," he says. "They are involving the people themselves and that's the best way to make the most of this property."

Progress admittedly has been slow. There were some businessmen in TAP who wanted immediate ac-

tion—get the houses fixed up and sell some to the poor right away. But experience had convinced TAP's leaders that involvement of the prospective buyers was the key to success.

So they formed a separate corporation headed by Mrs. Jolliete Croson, an outspoken and persistent leader of the black poor. Included on the board are other representatives of the poor as well as businessmen, TAP leaders and Roanoke civic organizations.

The board has set out to learn what to build and how—and to find road maps through the fine print of the government programs that might help. Only then will it be possible to sell the homes to the poor—hopefully on extra-easy terms.

"I'm determined we won't move until we know what we are doing," Mrs. Croson says. "We will make mistakes, but it won't be because we jumped in without knowing what we are doing."

She calls Mr. Swartz's gift "beautifully timed," which is no news to Mr. Swartz. He recognized the need before he acted.

A slum area called Kimball in Roanoke is scheduled for demolition by the urban renewal bulldozer. The people there, mostly Negro, will have to move out, and Mrs. Croson says none of them wants to go into the public housing the federal government says they should occupy.

"When a black man owns his house, no matter what it's like, he has status," she explains. "Now they tell him he must move into public housing—maybe a two-room apartment—and my people don't like that."

Crusading for displaced persons

Mrs. Croson has made a crusade



MANAGING A WAR ON POVERTY *continued*

of the displacement issue. As chairman of the Kimball Citizens Association, she went from door to door getting 15 cents to 50 cents until she had enough to go to Washington. There, she pounded on doors at the Department of Housing and Urban Development.

Thanks to her efforts and others concerned with the displacement problem, HUD now gives displaced home owners up to \$5,000 subsidy to buy a new house and renters up to \$1,000 to relocate.

But Mrs. Croson insists there aren't many places for her people to go except the public housing they don't want. "There's not much hope outside of what we can do with Mr. Swartz's property," she says.

The housing corporation will have some money to work with because part of Mr. Swartz's property is in the urban renewal area and the government will have to pay cash for it. The hope is to use this as seed money to improve the other property or build new housing there.

It's the kind of problem TAP is used to facing. It has wrestled with job training, child care, education, health, and black militancy—more frequently than its leaders talk about.

TAP can hardly be called unique since it's basically a pulling together of federal antipoverty programs under one umbrella. Instead, it represents the efforts of a natural geographic entity to apply its own management to these federal programs.

TAP's territory includes the cities of Roanoke, Salem, Lexington, Buena Vista and Bedford and the counties of Bedford, Botetourt, Roanoke and Rockbridge. Interestingly this represents about one tenth of one per cent of the United States population and its statistics relating to poverty, drop outs and the like also represent about that average.

Businessmen criticize

Nor is TAP universally acclaimed. Many businessmen in the area, for example, feel it's an exercise in do-goodism and too involved with Washington's theories and money.

Of TAP's \$4.8 million annual budget, more than \$3.8 million comes from federal funds. The rest is contributed by the local area, much of it in volunteer service and use of buildings and equipment. The city government has contributed only the space under the football stadium for the use of a job training center.



Bristow Hardin Jr. is executive director of a program aimed at melding area-wide efforts to help the poor—with a hand up, instead of a handout.

On the other hand, TAP President Cabell Brand, the dynamic young president of the Stuart McGuire Co., Inc., points to a long list of accomplishments. Although Mr. Brand's business, marketing Ortho-vent shoes and sportswear, is a more than \$10 million a year operation he still devotes a lot of volunteer time to TAP without pay.

Mr. Brand insists TAP is dedicated to giving the poor a hand up, not a handout. TAP gives nothing away except food for the 600 children it takes care of in day-care centers. This enables the low income parents of these three-to-six-year-old children to work or take training so they can work in the future. So far, TAP's 10 day-care centers have helped 929 children this way.

Federal fickleness

This project gave TAP a first-hand experience with the incongruity of some federal programs. As soon as parents start making enough to put them above the federal "poverty-line" their children are no longer eligible for day care. What should the parents do? Quit work so the kids can be taken care of?

TAP's answer was informal baby-sitting cooperatives and more formal mothers' clubs. In these, mothers or older members of the family take

turns helping out and the parents contribute a smaller amount than they could afford to pay individual babysitters. These clubs have been formed in nine neighborhoods and now care for about 180 children.

Mr. Brand is perhaps prouder, however, of the wide range of job training TAP is providing.

"A few years ago there was no place in the Roanoke Valley where an adult who couldn't read or write could learn, or if he was operating at a third-grade reading level, could be upgraded to a seventh-grade reading level," he says. "Now they can learn skills that are needed right here in their own community."

The main training program is an Opportunities Industrialization Center patterned after the successful project begun by Rev. Leon Sullivan in Philadelphia a few years ago.

OIC and TAP neighborhood workers recruit male and female students for the training center. They're made job-ready through basic education, grooming and skill training as well as being taught secretarial sciences, sheet metal work, auto mechanics, brick masonry, carpentry, roofing, flooring, welding, painting, paper hanging, and plumbing.

Employers cooperate

To help insure that graduates



The Rev. Jim Jones, a veteran worker for the poor, addresses meeting of poverty directors.



Day-care centers enable parents to work or to take training that will equip them to hold a job.

would get jobs Mr. Brand sparked formation of the Roanoke Valley Task Force on Employment, headed by a 15-man Business Advisory Council. Its members include the major employers in the Valley, most of whom send representatives to monthly meetings in the Roanoke Valley Chamber of Commerce office building.

The Task Force inventoried the un- and underemployed in the area and also the jobs available, with an eye to matching them up. Its latest project is a Voluntary Advisory Corporation in which businessmen work on a one-to-one basis with unemployed persons to help them find and keep jobs.

Another job training program is called Operation Main Stream. In it, unemployed men over 45 learn outdoor skills in nearby national forests so they hopefully can handle permanent jobs.

TAP also pulls together the Youth Corps, Job Corps and other federal training programs in its area. It has enrolled 3,762 people in all these activities.

A different program, TAP's New Careers Project, offers another kind of training.

At present, it has 101 enrollees working as teacher aides, social worker aides and vocational educa-

tion aides. Forty-one of these have been high school drop-outs and all but 13 have now passed the high school equivalency test.

Possibly the most controversial of TAP's programs is what it calls "Neighborhood Development." This is aimed at helping the poor organize to help themselves. Bristow Hardin Jr., TAP's executive director, describes the role of his organization this way:

"If a guy had been hurt in an accident and was lying in the street people would need to help him, call an ambulance, call a doctor and so forth.

"Theoretically at least, a TAP worker would organize the people standing around to do all these jobs so that they could do it the next time they saw an accident without any direction."

TAP's critics, however, are not sure that the neighborhood organizations, particularly in militant black areas, will confine themselves to such peaceful goals.

Jolliette Croson has strong opinions about the value of the neighborhood organizations and what they have accomplished.

"Here in Roanoke they have a certain amount of respect for us because we tell it to them like it is. They know we are going to ask for what

we want. We don't always get it, but we ask—and they listen. I feel if there can be a favorable settlement of differences, that's the best way, but there are other ways."

Cooling them off

Mr. Brand, Mr. Hardin and other TAP workers have come face-to-face with some of those "other ways" and have managed to cool them.

On the night Martin Luther King Jr. was killed, black militant leaders gathered in Roanoke, as they did in many other cities, but TAP leaders met with them.

One of the TAP spokesmen was the Rev. Jim Jones, who has been working with the poor since long before the federal government started its programs.

The sweaty, angry group talked until about 4 a.m. The militants were determined to "march and shed blood."

Finally an agreement was reached. "All right," said a TAP leader, "You can march and shed blood, but do it the way Martin Luther King would like it."

And they did.

A few days later there was a march of Negroes through Roanoke streets to the Red Cross center, where they gave blood in honor of Martin Luther King.

END

IF YOU WANT TO STAY HEALTHY...

Here is medical advice that is given to executives of some of our top companies

Don't sit still for more than half an hour at a stretch.

Avoid sun tan.

Take several short, rather than long, vacations every year.

Don't get too much sleep.

Watch that drinking at lunch time, but go ahead and have a couple of highballs in the evening, if you'd like.

Sex two to three times a week is safe if you're under 45, but slow it down as you grow older.

You can keep working after a heart attack.

This is the kind of medical and physical advice given every year to hundreds of executives working for 77 national and regional companies who go through Emory University Clinic in Atlanta.

Executives are sent to the clinic by their companies, which find it good business to pay for periodic examinations to help keep key people healthy.

Emory's is one of the nation's top examining clinics for business people. It is connected with Emory University Medical School and was created almost entirely with donations from businessmen.

Dr. E. Garland Herndon of the clinic specializes in internal medicine and in executive physical examinations.

Dr. Herndon, 47, is like many of his patients. He must watch his weight. In the past year he has trimmed down to 222 pounds from 264 and every pound was hard to shed. He's a very big man with a round face, sandy hair and a soft pleasant voice. During his college

Periodic physical examinations should be part of a company's program for its top executives, says Dr. Garland Herndon Jr.



PHOTO: LEXTON/ATLANTA

days Dr. Herndon, who finds living less pleasing when he can't eat his fill, was a running guard on Wake Forest football teams.

After finishing medical school, he trained at Cleveland Clinic and Walter Reed Hospital in Washington. Here, in an interview with NATION'S BUSINESS conducted at Emory Clinic, he ranges over the whole anatomy of medical, physical and health problems as they pertain to businessmen:

Dr. Herndon, what problems show up most often in executive physical examinations?

The major problems we encounter are excessive weight, lack of physical exercise, lack of adequate recreation and vacation time.

What can be done about this?

I feel that an understanding on the part of management regarding the desirability of planned vacation time, exercise and the importance of good habits is most important.

Do you advise one long vacation each year or several short ones?

Short ones of four or five days each, taken three or four times a year, are best. In my judgment a long vacation gets the executive out of touch, so to speak, while shorter ones, taken more frequently, allow him to have adequate recreation and exercise that is beneficial.

How would you describe the ideal five-day break? Where should a person go and what should he do?

A man ought to do that which he enjoys. It might be important that he get out of his immediate environment and actually be unavailable to his office, short of an emergency.

Is a change of climate worthwhile?

Not per se. If you're able to go away five times a year and you're physically inclined toward mountain climbing or skiing, then, in that sense, it could be advantageous. But I'm not sure that a change of climate, per se, for such a brief period of time, is therapeutic.

Is sunburn good or bad if a man will not be going on another vacation and not be getting under the hot sun for a while?

Exposure to the sun to the degree of deep tan is not particularly beneficial. Functions of the skin are interfered with by deep tanning which tends to thicken the skin and may interfere with sweat and oil gland function.

In other words, getting a deep suntan is overrated?

Yes.

Has Emory Clinic noted any new trends, for better or worse, in executive health in recent years?

Yes, and I would say that not only executives but all people are becoming more health conscious. There is more moderation in food, alcohol and the use of tobacco, plus realization of the importance of reasonable physical activity.

Most lay journals point out that excessive weight is a burden to the heart. The incidence of diabetes and abnormal sugar metabolism is higher in the obese. The incidence of coronary disease, particularly in association with tobacco, is seemingly increased. Fatigue is far more common in the obese man than in the person with normal weight.

Have you noted any other new trends?

There is recent indication that individuals who are immobile for three and a half hours or more, even at their desks, run the risk of development of blood clots in the veins of the legs which will occasionally break loose and lodge in the lungs.

A case in point: I am familiar with an advertising firm which has five executives who traveled rather extensively over the period of a year in transcontinental flight. At one time or another during that year three of the five executives developed blood clots in the legs.

Studies have been done by Scandinavian Airlines that indicate this can be prevented by passengers not sitting quietly for periods longer than 30 minutes. Then they should get up and simply walk up and down the aisle. It is also helpful to flex and extend the feet and to move the legs about even during the 30 minutes.

Apparently the problem is more common than had been realized.

Leg inaction is the cause. It has nothing to do with altitude. It's easy to prevent and this is good preventive medicine—simple leg exercises.

Other new trends have to do with realization that cholesterol and blood fat elevations may be associated with an increased incidence of coronary artery disease and the risk of angina pectoris or heart attacks. This has to do with the type of diet that a person should eat—if it's found that his blood cholesterol and other blood fats are elevated at the time of their periodic examinations.

How much sexual intercourse can the average executive of normal health have each week without undue strain?

The average adult male up to 45 can safely have intercourse two to three times a week.

I think it's important to point out that in this same age group the inability to have successful intercourse may simply be a manifestation of unusual fatigue, and should be considered as such, since 95 per cent of inability to perform successful sexual intercourse is psychological and only five per cent due to underlying disease. So the frame of mind and state of physical and mental relaxation are all-important determinants of whether or not sexual intercourse is going to be successful or frustrating.

What about people older than 45?

In older individuals it's normal for sexual activity to gradually decrease, so that when individuals reach 45 to 70 the frequency may be quite normal at once or twice per month. As with alcohol, there is tremendous individual variation.

How many nights a week should the average executive in normal health go out socially? Cocktail parties, dinner parties, that sort of thing.

I personally think that they occur too often, but I can see no real harm in this once a week.

If a man has a tension-filled day coming up, what should he eat and do the day before to prepare for it?

I think it best that he assure himself a good night's rest. The things to avoid are eating a large evening meal and then going to bed immediately. It's far more desirable if a person eats and then allows the process of digestion to occur in order to avoid indigestion, which occurs rather commonly if one lies down with a full stomach.

If the following day's order of business is really stressful, then I think one is justified in the occasional use of a mild sedative at bedtime to assure a good night's sleep.

I think that the excessive use of alcohol late in the day is not a particularly beneficial way to induce sound, restful sleep. The use of alcohol after meals, in my judgment, is to be discouraged. I think it gives rise to restless sleep. That is sleep that is filled with a lot of muscle activity. That muscle activity, whether occurring at a conscious level or at a sleep level, is fatiguing.

What about a man in normal health

having a couple of drinks before dinner after he comes home from work?

I don't believe that there is any evidence that two highballs before dinner, if taken 45 to 60 minutes apart, are harmful.

The pitfall is that it's easy to stretch this to three or to increase the quantity of alcohol in the highball from an ounce and a half to three ounces and still count that as one highball.

What about one or two drinks at lunch? What does this do to the executive for the rest of the working day?

First of all it's true that alcohol in that amount tends to be sedative

looks like is beneficial to digestion. A glass of wine looks good and that is good for the digestion.

How many cigarettes or cigars a day can the average executive smoke without any injury to himself?

It's difficult to answer this question categorically since there are so many factors involved in the causation of cancer and emphysema as well as chronic, recurrent bronchitis.

In general one can say that the individual who smokes from one and a half to two packs of cigarettes a day for up to 20 years, seems a high risk for one or another of the three maladies mentioned.

there is no necessity for carrying it home.

Would you say the same for weekend work?

I think it's important that the weekends be pretty free of business activity.

What happens when a man continually eats lunches at his desk while he works?

I think it's advantageous for the executive to leave the environment of his office for lunch, if at all possible. I think that this brief break in the routine of his day is also relaxing and beneficial.

What exercises do you prescribe for a desk-bound businessman?

Exercise should vary from executive to executive depending on what is available to him, what his interests are and the time that he has to accomplish them. I realize that all executives are busy and that they, therefore, have little time to devote to these activities.

In those instances, I recommend the Canadian Air Force book on exercises which can be purchased anywhere. This book is particularly useful for it makes it possible for even the most sedentary executive to perform useful exercises that give rise to good muscle tone, which helps to prevent sagging here and there.

What participant sports are best for an executive?

Again, I would caution on the physical status of the executive, but golf, swimming, tennis—preferably doubles—horseback riding, handball for the very healthy who are already fairly well conditioned, are sports many executives can safely and beneficially participate in.

Is it advisable for a man to take up tennis after he reaches, say, 45?

Not necessarily advisable but it can be done safely if the individual can condition himself for vigorous physical activity by a period of training.

Is jogging really good for a man?

Jogging is an excellent form of physical activity but as with tennis it should not be the initial exercise in late life. Like most activity it can be done safely, if one is prepared for the activity. Jogging is even encouraged in some individuals who have had heart attacks, once the doctor has determined



One sure way to get into trouble is to withhold information during physical exams, doctors say.

and not intoxicating. I think that the sedation that follows tends to decrease work efficiency for one to three hours depending on the individual.

There is a rather wide range of variation in individual response to alcohol. The factors of age and fatigue must be considered. For example, if a person is very tired, then the one or two highballs may actually increase fatigue and decrease the ability to carry out mental activity.

Will wine with a meal help a person digest, relax and enjoy himself?

First let me answer the part having to do with the digestion. By and large, one cannot add to the digestive juices to any degree that would be beneficial.

Second, if you're talking about enjoying the meal, that's a different matter.

I think the appearance of the table, the way the food is arranged on the platter and what the salad

I recommend that my patients not smoke at all.

Are vitamin pills worthwhile?

I do not believe it is necessary for the average American who is eating a balanced diet to take added vitamins but I can make the case for the importance of dietary supplement for individuals who get no outside exposure during long winter months.

It is reasonable in those cases to suggest the use of a multi-vitamin daily.

Is it dangerous to have frequent X-rays?

That's an old wives' tale, because the amount of exposure to radiation is small.

Is it all right for businessmen to take work home with them at night?

I don't think there's any harm in doing a little homework. I think, though, that the executive should be able to organize his work so

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IF YOU WANT TO STAY HEALTHY... continued

what physical activities can be participated in of a less strenuous nature.

The executive who intentionally sets out to do a little walking each day should walk how fast?

The pace should be one that's comfortable and at the end of the walk causes moderate, temporary leg weariness. Without some degree of fatigue, the pace has not been fast enough nor particularly useful. Therefore, a person should walk approximately two and a half to three miles an hour.

Is putting your feet on the desk relaxing?

I think any activity of that nature, which tends to momentarily divert one from the task at hand, has some usefulness.

What kind of a chair—hard or soft—should an executive sit in at his desk?

I think the executive should select a chair which to him is most comfortable. That is, a chair which will be high enough in the back to support him just above the tip of the shoulder blades, with armrests, preferably with swivel and rollers.

How many hours of sleep a night do you prescribe for businessmen in their 30's, 40's, 50's and 60's?

In the 30's and 40's a minimum of seven to eight hours and in the 50's and 60's six and a half to seven hours. I think it's been recognized recently that to spend beyond 10 hours in bed, in some instances, may be harmful. With the lack of physical activity, individuals with vascular disorders or blood vessel diseases may increase their tendency for clotting of blood within the vessel itself.

It is not too uncommon for the person who suffers a heart attack to arrive at the emergency room at three, four or five o'clock in the morning. It is also a fairly common medical observation that many elderly persons having a stroke first become aware of it upon awakening.

But again, whether or not this is related to prior time in bed, I'm not sure.

It would be good if the executive could plan his time so that he could get a 15 minute nap following the noon meal. I realize, of course, many executives use lunch time to transact business. It isn't necessary for him to go to bed, or to lie down on a couch. Simply to recline

quietly in his desk chair might be helpful—not even sleeping.

Is it worthwhile for a company to underwrite frequent physical exams for its key people?

I certainly think it is and I can cite one example of being involved in such examinations the first time around. In one group of 150 executives, five were found with tumors of the colon, three of which were malignant, and all were cured by appropriate surgery.

How often should a man in relatively good health take a complete physical examination?

Yearly intervals.

Any other advice?

I think it's important that a person, by the time he reaches age 45, if he has any tendency to be above average in weight must be told to lose at least a pound a year from then until retirement.

I think that there is increasing knowledge about the disadvantages of drug use, particularly in the executive, which has to do with anti-depressants, mood elevators, sedatives, tranquilizers in general.

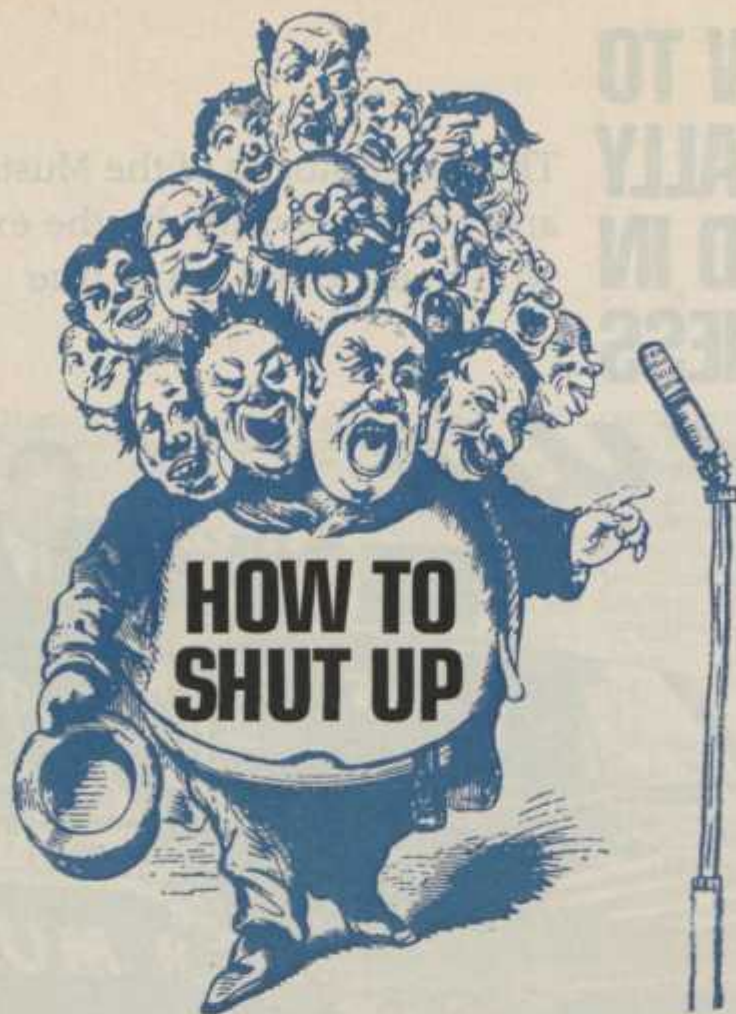
The important thing is to establish the cause of the depression or the cause of the anxiety and not use a drug as a crutch.

If an executive develops coronary artery disease, manifested either by angina pectoris or introduced by an actual heart attack, should he just be retired?

My answer is no. I think that there is plenty of precedent for keeping an executive who has coronary artery disease, because he can do with safety what he can do comfortably, that is if he recognizes the amount of exercise or other factors that precipitate his angina and he operates below that level or below that stress.

In addition, increased recognition of the virtue of actual active physical exercise in people following heart attacks and even with angina pectoris is helpful. Many such individuals are rehabilitated to useful, and long, executive lives. **END**

REPRINTS of "If You Want to Stay Healthy" may be obtained from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 30 cents each; 50 to 99, 25 cents each; 100 to 999, 15 cents each; 1,000 or more, 12 cents each. Please enclose remittance.



Shut up is a harsh request to make to toastmasters. But a poll of club members and other sufferers reveals the fervent hope that someone would have the courage to make it.

Program chairmen, club presidents, masters of ceremony and toastmasters too often commit one or all of these three main offenses:

They make introductions of speakers too long.

They tell too many irrelevant jokes.

They comment on the speaker's address.

Some months ago, I heard a toastmaster read a page and half, single-spaced account of the speaker's scholastic attainments. He imputed to the lecturer a longer pedigree than a West Texas Hereford bull.

At a salesman's banquet a few months ago, the toastmaster took four minutes to introduce the man who was to give the invocation, leaving him only two minutes to talk to the Lord.

During a quasi-political dinner at McAllen, Texas, a few years ago seven men were on the program for short talks. The toastmaster told

seven jokes. Most of them were no more related to the occasion than Karl Marx's Manifesto is to Plato's "Republic"—and were about as humorless.

Many good club program directors are successful at presiding without trying to be funny.

The most boring of all toastmasters is the one who comments on an address, or makes announcements after a speaker concludes. Some speeches call for a dramatic conclusion. The wise presiding officer will dismiss the audience the moment the applause ends.

Yet, countless times after an orator has made an eloquent conclusion the program chairman will brag on the speech, almost saying: "I couldn't have done better myself." Too often that doesn't end it. The president follows the program chairman with a bromidic statement such as: "I want to add my word of appreciation for the fine address we heard today."

By the time these two get through, the audience will have forgotten whether the speaker was talking on hippie psychology or hybrid corn.

Toastmasters owe the audience due consideration. A toastmaster can rescue a dull program, or ruin a good one. Many years ago this writer was toastmaster at a banquet of West Texas newspapermen. The main speaker was a fine old pioneer publisher. He started with Genesis and slowly approached Revelation.

I whispered to the president that I was going to call the old gentleman down. He warned against it. Believing a toastmaster must protect his audience, I waited till he came to the end of a chapter, interrupted, praised him lavishly and gave him four minutes to finish.

When we adjourned, he shook hands and expressed his sincere appreciation for being stopped before wearying everybody.

If toastmasters think "shut up" is too harsh, let them read this Biblical advice: "Even a fool when he holdeth his peace is counted wise: and he that shutteth his lips is esteemed a man of understanding."

PAUL T. VICKERS
Publicity Director
McAllen, Tex., Chamber
of Commerce

HOW TO REALLY SUCCEED IN BUSINESS

The inside stories of the Mustang, Xerox and color television by the executives who made them come true



The author, Lee A. Iacocca, is shown (standing) with the two millionth Mustang as it is about to leave Ford's Dearborn, Mich., assembly plant.

SOME KIND OF ANIMAL!

BY LEE A. IACOCCA

Executive Vice President—North American
Automotive Operations, Ford Motor Co.

Late in the evening of April 16, 1965, a young Californian bought a sporty red convertible with a long hood, a short rear deck, and room inside for four passengers. At the center of the car's front grills, enclosed within a metallic rectangle, was the symbol of a galloping horse. The car was the 418,812th Ford Mustang to be sold in its first year on the market. The Mustang had set a first-year sales record for any American car.

The Mustang's success was far more than a matter of statistics of record breaking. Within the space of one year, following its introduction on April 17, 1964, this new car had established itself as a household adjunct, a do-it-yourself status symbol and a national family pet.

Today we are often asked what lay behind the spectacular public acceptance of this new and different kind of car. What forces moved the Ford Division of Ford Motor

Co. to the long and deliberate search for the product that was finally to emerge as the Mustang?

The answers form the story of the Mustang venture. That it became a success story was due to the priceless and essential ingredients of good planning, good execution and good luck.

Planning a new car is a risky business. Many try, but few succeed. It is a business involving hundreds of specialists, thousands of jobs and millions of dollars. It means predicting, three years ahead, what consumers will want and what the competition will probably be doing.

Sensing a trend

Looking back, it is difficult to tell when the first seed was planted

that was to become the Mustang. In retrospect, it probably began when we first noticed a subtle change in the car market in early 1960. Change and movement seemed in the air. The nation was in the final phase of a 25-month period of economic expansion.

In November, 1960, when I assumed my duties as general manager of Ford Division, it suddenly seemed necessary to take an even closer look at a number of separate but highly significant occurrences going on about us. Two of them, in particular, caught our attention.

First was the success of General Motors in transforming its economy car, the Corvair, into the hot-selling Corvair Monza, mainly by adding such sporty attributes as bucket seats, stick shifts and fancier decorative trim. The second was a stream of letters and postcards that had, for the past three years, continued to flow into Dearborn, urging the company to market another two-passenger Thunderbird.

Excerpted by permission of Clarkson N. Potter, Inc. from "The Strategy of Change for Business Success," edited and introduced by Sidney Furst and Milton Sherman, copyright © 1969 by Clarkson N. Potter, Inc.

"The Strategy of Change for Business Success" will be published this spring by Clarkson N. Potter, Inc. at \$5.95. In addition to chapters excerpted here, the book contains other outstanding business stories of our time.

Other chapters include: "Change Is the Way We Do Business," by David L. Yunich, president, Macy's New York; "Welcome on the Highways: Holiday Inns," by Kemmons Wilson, board chairman, Holiday Inns of America, Inc.; "Winston and Salem: The Change to Filter Cigarettes," by Bowman Gray, chairman, R. J. Reynolds Tobacco Co., and "Making Money Is the Product" by Leon Levy, partner, Oppenheimer & Co., and president, Oppenheimer Fund, Inc.

The Thunderbird letters seemed a small but significant straw in the wind. Coupled with the public's newly favorable reaction to small European sports cars, they seemed to indicate a new direction in consumer tastes and desires.

We discovered that we were in the midst of an American revolution of rising expectations.

Not only was the population growing; its average age was becoming younger at an almost unbelievable rate.

Market researchers told us that any new product that hoped to catch the eye and win the fancy of the market we sought would have to be a thoroughbred in looks, a winner in performance and yet a bargain in the price lineup. They suggested we had better start looking for a car to match the great expectations of a growing, youthful, pleasure-bent and knowledgeable population with money in its pocket. Increasingly, the question was not whether we should develop such a car but how soon we should start.

To appeal to a massive, youthful and relatively low-income market, we knew that our car could weigh no more than 2,500 pounds nor be much more than 180 inches long. It would have to take advantage of the low weight-to-cost ratio that three years of experimentation had finally baked into the Falcon's rigid unitized design.

A major element in our program would also have to be the new lightweight 289-cubic-inch engine—a result of pioneering foundry techniques developed under the guidance of Charles H. Patterson, at that time vice-president in charge of our Basic Manufacturing Group. Through the use of thin-walled gray iron casting, a power plant had been produced that was small and light but with an unusually high horsepower-to-weight ratio.

It seemed a natural for the sporty car we hoped to build. But we realized that our car would also have to accommodate such proved components as the Ford six-cylinder

engine, transmissions and suspensions that we had on the shelf.

We also knew that our car would have to carry four persons, particularly after a research survey strongly indicated that even a successful two-passenger vehicle would not be likely to sell more than a maximum of 40,000 units.

And it would have to carry a price tag of \$2,500 or less for a base model.

In November, 1961, a sports car marketing study reinforced our feeling that we were headed in the right direction. It showed that, despite the romanticized hunt-club, high-society background usually associated with sports cars, the bulk of the market was concentrated in the under \$3,000 price bracket. Marketing advised us to aim any possible Ford sports car entry at the owners of imported cars, Corvettes, Monzas and foreign makes.

For church—or country club

We were going to compete with domestic and foreign sports cars without imitating either. We had to think bigger than a sports car, to develop a product that would be more than a one-year flash. We needed a vehicle that could go to church on Sundays, to the drag strip on Saturdays, the A&P on weekdays and the country club at any time. We had to play for high volume at low cost.

We looked at the calendar for the next three years. If we pulled out all the stops, we might have a styling model we could approve by the summer of 1962. That timetable would enable us to have a sporty car to introduce to the public in the spring of 1964. The World's Fair was scheduled to open in New York in April, 1964. It was hard to think of a more exciting backdrop for the introduction of a new car. A world-beating car at the World's Fair! We made the April date an unofficial deadline.

Between December, 1961, and late July, 1962, styling produced no less than 18 different clay models

SOME KIND OF ANIMAL! *continued*

in the hope that one might fit our written description of the car we wanted to build. In mid-May of 1962, the company's Corporate Styling Studio produced a lively looking clay with a short rear deck and a powerful hood. The car, which bore the code name "Allegro," generated so much excitement that we decided to encourage styling to develop more variations on the same lively theme.

During the next three months, thirteen variations were developed on the Allegro theme. Many were strikingly novel by Ford standards. But none of them did one-armed handstands or whistled at pedestrians. None seemed to fill the bill.

The calendar showed that it was the beginning of our crucial summer of decision. We had less than 22 months in which to agree on a final styling model for our car, decide on a plant, get equipment, locate supply sources, train manufacturing personnel, make advertising and promotional plans and arrange for dealers to sell the finished products.

If a clay model could be approved by September 1, 1962, it might still be possible to produce Job #1—the first production unit of the new car—by March 1, 1964. That would enable us to keep within the timetable we had sketched out the year before and still get our car to the World's Fair in time.

It was agreed that Styling Director Gene Bordinat should try for a crash solution. On Friday, July 27, he summoned three of his styling executives to his office. They were Bob Maguire, chief stylist of the Corporate Projects Studio; L. D. "Dave" Ash, representing Joseph Oros of the Ford Studio; and Buss Grisinger of the Lincoln-Mercury Studio.

Two-week deadline

Bordinat made his announcement. He was asking each of the three studios to engage in an unprecedented open competition—to design several possibilities for a small sporty car Ford Division wanted to build. The stylists were given the package dimensions and a two-week deadline.

The three men charged out of the office like football captains leading their teams onto the field. The idea of interstudio competition was novel. Developing a clay in two weeks was unheard of.

As they worked round the clock and weekends to meet their deadline, stylists, designers and clay modelers alike became infected with an affectionate enthusiasm for the lively looking prototype they were producing. Heads began to droop in the 90-hour-a-week pace, but the spirit of competition kept them going.

With pride and care, the men behind the red-painted doors of the Ford studios watched their teamwork car progress from full-size drawings into three-dimensional life as a clay model.

When the model was about half completed, Oros called me in to take a look. As soon as I saw that brown clay form, one thing hit me instantly—it looked as though it were moving even when standing still!

The car had become known in styling as the Cougar.

Several of the seven styling entries inspected in the courtyard that hot August day in 1962 could have been winners. But there was no longer any doubt in my mind which of the seven entries was the champion.

Mr. Ford inspected the Cougar with me. He too was struck with the appearance of the white car with the red wheels. Then he said: "There's only one real 'stopper' out there. Let's go with it."

It was important that everything about the car should be outstanding: Appearance, quality, fittings and performance. We would provide for those who wanted luxury as well as those who wanted performance and economy. So we built in such luxury items as bucket seats, vinyl trim, curved side glass, wheel covers and carpeting as standard features.

Since we knew we could not lay out huge sums to develop a series of new components for the Cougar, we decided to use the best of proved components from other cars wherever possible. In this way, we were able to offer an inexpensive car built of proved parts with good gas mileage, unique styling and a wide-enough choice of options so that a buyer could fit the car to his own personality. We felt certain that these advantages would appeal directly to a sizable market segment that wasn't being satisfied by anything in anyone's showrooms at the time.

On Sept. 10, 1962, the Product

Planning Committee met to hand down a final confirming decision on the program and the car of its choice.

The Cougar was it.

We had finally found the car to produce. Now all we had to do was build it.

By November, we learned from a special volume study that every sign pointed to a relatively high rate of installation for optional equipment. "Under 25-year-olds," the survey said, were looking for special features that they associated with pleasure driving. These included four-speed, floor-mounted gearshifts, rapid acceleration, the sound of a high-performance engine, maneuverability in traffic, the feeling of being close to the road, a firm ride without swaying turns and a tachometer. We passed these observations on to our engineers.

Choosing a name

By the spring of 1963, when feasibility studies were coming to an end, it became obvious that we'd have to give our little car a permanent name catchier than the code letters T-5 by which it was known in official company correspondence.

Ever since it had been given the name Cougar by Joe Oros and Dave Ash in the Ford Styling Studio, the symbol of a stylized wildcat had been on the grille front, the wheel covers, the gas cap and the horn button. On the instrument panel, however, was the single script word Torino.

At a product strategy meeting in May to consider names, we narrowed our choices down to Monte Carlo, Monaco, Torino and Cougar.

When it was discovered that the first two names had already been registered with the Automobile Manufacturers Association by other companies, it came down to Torino or Cougar. We finally selected Torino, registered it and made plans to incorporate the name in our market, styling and product plans. We decided to keep the stylized cougar as the Torino emblem.

There was, however, far from universal enthusiasm about our choice. The name that for me had once conjured up images of high-styled, high-priced European roadsters seemed to lose much of its magic west of the Hudson River. Somewhat reluctantly, we concluded that

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SOME KIND OF ANIMAL! *continued*

we needed a new, imaginative, romantic and unconfusing American name with only two syllables. Nothing in the long lists of suggestions from Aardvark to Zebra seemed to have as much built-in appeal as the name that Bob Maguire had given a little two-seater prototype the year before: The Mustang. It was as all-American as all outdoors. We decided to call our new car the Mustang.

In October, 1963, the Product Planning Committee approved the running, wild-horse emblem and related ornamentation devised by Styling to identify our car.

In July a study on buyer reaction showed us that our little car seemed to have zeroed in perfectly on the market segment we were aiming for.

By early September, the prospect of positive public reaction and our feeling of extraordinary confidence in the product prompted an increase in authorized production volume from 180,000 to 240,000 units.

We were still seven months away from selling our first car. But we had no alternative except to back up both research evidence and our confidence with production potential.

Now was the time to put the Mustang to the acid test. On the basis of our July research, we were convinced that car buffs would love

it. But we were still uncertain how the broader mass of the buying public would react. Or what we would have to say to woo and win them as customers.

Job #1—the first production model of the Mustang—was scheduled for Monday, March 9, 1964, with public introduction on April 17 across the nation.

We decided to let the car tell its own story to the press. On April 13, a week before the New York World's Fair opened officially, the Mustang was introduced at the new Ford Pavilion. Henry Ford II, Arjay Miller and Charles Patterson were on hand to welcome members of the press to the unveiling of the Mustang. The press recorded its enthusiasm in a lyrical and unprecedented outpouring of words and pictures.

On Introduction Day, April 17, 1964, Ford dealerships were so swamped with people wanting to see the new Mustang that salesmen found it difficult to write orders.

Ford dealer Jim Moran in Chicago had to lock the doors of the Mustangs in his showroom because he feared for the safety of the people trying to crowd into them.

A Pittsburgh dealer was unable to take a Mustang off the wash rack for hours because of the press of people wanting to inspect it.

At a Garland, Texas, dealership,

15 prospective customers bid on the same Mustang, and the successful bidder insisted on sleeping in the car so—as he put it—"they won't sell it out from under me before my check clears in the morning."

In its first six months on the market, 178,000 units were snapped up as dealers pleaded and cajoled in their efforts to get more.

The car attracted buyers from every social and economic stratum, and from every geographic area where there were roads. It had proved to be everyone's pony.

Two years earlier, we had realized that a sizable portion of the profit on the new car could come from the sale of its options and accessories. The substantial promise of such sales had helped us justify the Mustang's unexpectedly low retail price to our management as well as to advertise it as "the car you build yourself."

Our customers had reacted to the long list of options like hungry lumberjacks at a Swedish smorgasbord.

Shortly before the first anniversary of the Mustang introduction, production was increased to 575,000 units a year. The reason—"to meet higher projected demand."

There was no longer doubt in anyone's mind. The Mustang had met the challenge of change. **END**

THE PRODUCT NOBODY WANTED

BY JOSEPH C. WILSON

CHAIRMAN, XEROX CORP.

(In collaboration with Sidney Furst and Milton Sherman)

In 1946, Xerox was a small firm known as The Haloid Co., located in Rochester, N. Y. There was little about Haloid to set it apart from hundreds of other small businesses at the end of World War II. It had a solid reputation in a narrow field, production of photocopy equipment and machines.

Haloid had increased its production during the war but was beginning to experience a profit squeeze. While sales rose from \$1.4 million in 1936 to just under \$7 million in 1946, profits did not keep pace.

They hit a high of \$300,000 in 1939, but drifted down to \$150,000 in 1946.

Along with me, a few young men in the company saw very clearly that Haloid would have to change direction.

I am not at all sure that we knew precisely what avenues we wanted to explore. We thought ideally of finding some entirely new process or product that would revitalize our 40-year-old company.

The people responsible for the search that ultimately propelled us

to the forefront of the graphic communications industry were not seeking simply a new product. All who were involved 20 years ago when The Haloid Co. made its big decision—men like Dr. John H. Dessauer, John B. Hartnett, the late Harold Kuhns, and the late Homer A. Piper—shared a feeling that we must direct our energies toward a valuable activity—one that was worthwhile for people, not just for making money.

Today this sort of thinking remains an integral part of our business life. We seek not only to be an effective commercial enterprise, but also to establish an institution that is socially responsible and constructive.

Discovery of an invention

It was during our search for new directions that John Dessauer ran



The late Chester Carlson eyes a hand-built machine on which he based his first xerography patent request. Smithsonian Institution now has it.

THE PRODUCT NOBODY WANTED *continued*

across a potentially interesting invention. John was then and until recently our director of research. He is now vice chairman of our board, and we still seek his wise counsel. He noticed an abstract referring to an article in the July, 1944 issue of *Radio News* describing a new invention, "electrophotography."

The inventor of that process, the late Chester F. Carlson, had struggled for years despite extreme hardships. Finally he produced the first "electrophotographic" image-making plate on Oct. 22, 1938, in Astoria, Queens. Carlson coated a two-inch by three-inch zinc plate with sulfur, then charged the plate electrostatically by rubbing it with

a handkerchief, and exposed it for about 10 seconds to a glass slide on which the words "10-22-38 Astoria" were written.

A dusting of lycopodium powder made the latent image visible, and by pressing a piece of wax paper against the powdered image, Carlson completed the first successful demonstration that his process could make a copy. The experiment, although rudimentary, established the feasibility of completely dry copying. It was later renamed xerography, from the Greek words *xeros* meaning "dry" and *graphein*, "to write."

Chet Carlson, with all his laboratory work, had also managed to become a patent lawyer by going to

school nights. He prepared and filed his own patent application and later, with additional patent applications that were granted, refined the process somewhat. His persistent efforts to kindle a commercial interest in his invention, however, were disheartening. More than 20 major corporations could see nothing in it worth developing.

Finally in 1944, eight years after his discovery, Chet had a chance meeting with Dr. Russell Dayton of Battelle Memorial Institute in Columbus, Ohio, and the Battelle staff subsequently invited Carlson to discuss his process with them. This led to an agreement under which Battelle would develop the process in exchange for 75 per cent of any royalties from commercial sale or licensing.

Happily for Chet, as it turned out, the agreement allowed him to invest his own money in the research. Battelle ran through the initial budget for the project, and Chet was able to raise enough to continue the research, thereby increasing his royalty interest to 40 per cent.

Shortly after John Dessauer read of Chet's invention, he called my attention to the article. The more we thought about the process, the more it appealed to us. So John and I visited Battelle in 1946. We negotiated a limited agreement with the Institute that went into effect Jan. 1, 1947.

The 22 months that followed before we and Battelle unveiled the process on its tenth anniversary—Oct. 22, 1948, at the annual meeting of the Optical Society of America in Detroit—were hectic at best. Battelle conducted further research, and we at Haloid made a concerted, often frantic, effort to prepare for our own development of the process based on that research. We also made an intensive effort to raise additional money—John Dessauer even mortgaged his house.

By 1948 we recognized it would take a considerable amount of money to bring Carlson's process to market. In the six years following our first visit to Columbus, indeed, Haloid was to raise more than \$3.5 million for development and exploitation of xerography, a sizable sum for us then.

We also realized our agreement with Battelle was too limiting in light of our projected investment. A young Rochester lawyer I knew, Sol M. Linowitz, agreed to renege-

tiate the contract for us. He was later to become our general counsel, negotiate our overseas arrangement with the Rank Organisation, and become chairman of the board before leaving to become U. S. Ambassador to the Organization of American States in 1967.

The new agreement gave us an exclusive license on all xerographic developments in return for a substantial royalty arrangement.

An unusual pricing scheme

In 1949 we introduced the first Xerox non-automatic copier—a similar model is still in use for special purposes—and made the critical decision to offer xerographic products for lease, giving the customer decreasing costs per copy as the number of reproductions increased. It was an unusual pricing scheme and demonstrates the beginning of our innovative sales approach.

Between 1949 and 1956, the company's sales tripled. These were years of technical growth, of developing products and market, of single-minded commitment. We had staked so much on the new process that we had to emphasize commercial success. But I am sure none of us who were caught up in the exciting development of xerography ever forgot our desire to render truly valuable service to mankind.

In 1955 we concluded a new agreement with Battelle: the old licenses and royalties were eliminated and actual title to the basic Carlson patents was transferred to Haloid. In return, Battelle received until 1965 modest cash royalties, a portion of royalties we acquired from sublicensing, and additional royalties in stock, depending on our annual revenues from xerography. Since payment in stock satisfied much of Haloid's continuing obligation to the Institute, we could use our cash and borrowing power to develop the process we believed so promising.

The company made its final payment to the Institute in 1965 (except for a modest research commitment of \$25,000 a year), and by then, the total Xerox stock paid to Battelle under the agreement had a market value of more than \$355 million. We have never regretted these arrangements, nor, I should guess, has Battelle.

By 1955, a number of office copiers based on technologies other than xerography had been introduced. Our respected neighbor,

Eastman Kodak Co., and Minnesota Mining and Manufacturing Co., for instance, were marketing copiers.

That year Dr. Dessauer formed a committee, including Chester Carlson, to study the feasibility of building an automatic copier using our technology. The committee concluded that the machine would have to be as large as a four-drawer filing cabinet and would weigh a thousand pounds. Outside consultants hired by us predicted that those specifications—hardly anything to alarm the existing manufacturers of copiers—would sharply limit the market. But our commitment seemed too great to turn back.

The Dessauer report presented two alternatives: go ahead or go broke.

Our own people were enthusiastic. Between 1955 and 1957, when management recommended to shareholders that our name be changed to Haloid-Xerox, Inc., we had but one goal—accelerated development of this machine. It was not an easy time.

For every technical problem we solved, we encountered another for which we had no answer.

Considering our excitement about the potential of the Xerox 914 during the years preceding the introduction of it, I wonder in retrospect how we managed to keep it a secret as long as we did. From the very beginning, the major goal of our research program was the development of an automatic office copier based on Chester Carlson's process.

For reasons now lost to history, we had assigned it the code designation E 100.

In 1957 we presented our board of directors a "breadboard" version of the E 100.

Nobody wanted it

They were interested enough to retain a well-known organization to study market feasibility. Another company that we had approached with the product ordered a similar study. And, again, the consulting firms arrived at substantially the same conclusion—the market for a machine like the E 100 was relatively limited. Another Haloid consultant was slightly more optimistic: there was promise for such a large copier within a systems application, but not as an independently functioning unit for general document copying.

It looked as if we were entering

the home stretch with a product nobody wanted.

I suppose by every logical rule of management we should have abandoned the whole idea right there.

Fortunately, some unusually perceptive young men on our staff saw a major flaw in the case against the E 100 made by the consultants. The consultants had applied established criteria to evaluate an entirely new product. Our people identified a much larger market for such a machine because they did not follow conventional guidelines.

In today's complex society, of course, you cannot make much progress by following conventional guidelines. No enterprise is unchanging nor are markets. The results of change depend on the purpose and management of it. If change is successful, in retrospect we call it growth.

At the beginning, it wasn't easy to manage the growth of the E 100. We introduced it to the public in 1959 as the Xerox 914 (it could make copies on ordinary paper up to 9" by 14"). The first production line machine was delivered in March, 1960. The story of what happened to it from then on is, in a way, the opening chapter of a story that I do not expect to see completed in my lifetime.

The copier's immediate success not only refuted most of the market experts, it also astonished the most optimistic of us. The product that nobody wanted, it seems, had become a product that *everybody* wanted.

By the end of 1960, we were producing machines at a rate 50 per cent greater than we had anticipated—and were working against a huge backlog. Orders taken during the first nine months of the 914's commercial life far exceeded our total projections for it. Even more significant (because of our per-copy charge), users of the machines were making more copies than we expected.

A new name

We recognized almost immediately that more than three quarters of our revenue during the coming decade would come from xerographic products. So we recommended to our shareholders at the 1960 annual meeting that the name of Haloid Xerox undergo one more change—this time to Xerox Corp.

Our annual reports for the first two full years of 914 production tell

THE PRODUCT NOBODY WANTED *continued*

the story of the machine's success. People began developing whole new office systems around it. Customers discovered uses we hadn't imagined. A Food and Drug Administration office used it to copy labels without taking them off the bottles; police officers recorded the contents of a suspect's pockets with one pass of the machine.

In 1961, our total revenues were 60 per cent greater than the previous year, while net income jumped 109 per cent. The following year, net income rose 151 per cent on a sales gain of 70 per cent.

The success of the 914 provided abundant evidence that our approach to the copying market was a sound one. We hastened the design and production of machines that covered the entire spectrum of copying and medium-range duplicating. By late 1965, we had introduced a "family of products" meeting diverse needs of the copying market. We are still adding to that family and starting on "second generation" machines.

The field of copying continues to grow, but like all markets it will have a saturation point. To avoid stagnation once we reach that point, we carefully selected new ventures related to our basic field—graphic communications, or more broadly, the dissemination of knowledge.

As early as 1956, we recognized that overseas markets could furnish added growth. That year Haloid agreed to form a jointly owned company with The Rank Organisation of London, then best known in the motion picture field. The product of our union, Rank Xerox Limited, now markets xerographic products throughout the Eastern Hemisphere. In recent years it has grown faster than Xerox itself in revenues and earnings.

In 1962 we began—with University Microfilms the first of our acquisitions in this area—to move from our by-then traditional base in copying to the education field. We now have made a full commitment to serve this field by publishing textbooks, by marketing library

services, and by developing supplementary teaching materials and, indeed, whole courses for industrial and public classrooms.

Another goal was to participate in the exciting research taking place for the federal government, and that led us to acquire Electro-Optical Systems, Inc., a company chiefly engaged in military research, aerospace and other advanced technology. At Xerox we believe it is essential to *retain* the concept of change to keep the innovative spirit alive in our organization.

I think an essential quality in a manager, even on a relatively low level, is the ability to know when to depart from the normal, when to take risks. On the other hand, the manager who always upsets the applecart can be a disruptive influence. The art, I think, is to provide an atmosphere in which professional managers can retain the sensitivity so essential to the successful operation of a small business—the entrepreneurial spirit, as it were. **END**

HOW COLOR TV WAS BORN

BY DAVID SARNOFF

BOARD CHAIRMAN, RADIO CORP. OF AMERICA

In 1953, black-and-white television was in flood tide—a multibillion-dollar industry whose vigor was making itself felt throughout the economy.

It was a classic example of a product finding widespread public acceptance after long and expensive years of development.

Then, on Dec. 17 that year, came the announcement that television color had been added to television sight. This was the beginning of a new era in broadcasting and the birth of yet another industry.

The historic announcement came close on the heels of a Federal Communications Commission decision approving standards for color television broadcasting and clearing the way for the start of commercial operations.

Thus ended a long and bitterly

fought struggle to bring a superior system of color broadcasting into being. After four turbulent years of demonstration and litigation, the Radio Corporation of America had been largely instrumental in reversing an earlier decision by the FCC in favor of a system that would have led television down the blind alley of a mechanical whirling wheel and two broadcasting services—a decision that was upheld by a United States District Court and sustained by the Supreme Court of the United States.

RCA had poured \$50 million into the effort, its scientists and engineers had accomplished what had seemed impossible and in the final court of professional and public opinion, it had won its case.

What no one knew at the time, however, was that this was merely



the first round of an uphill battle to gain broad acceptance for color as a commercial service. For the next six years, RCA and the National Broadcasting Co. would stand virtually alone in promoting and demonstrating color in the face of indifference or opposition within the television industry as a whole. Before the curtain fell on the second act of the drama, RCA had put another \$80 million into the venture. Again, it was the public which decided the outcome.

In retrospect, the battle for color television was waged as much for a business principle as it was for an advanced broadcasting system. In electronics, there is no security in standing still.

Over the years, RCA had broken new trails in radio broadcasting, in the union of radio and phonograph and in the development of black-and-white television. In the late 1940's, when color television entered the scene, it readily assumed once more the role of pioneer.

The trail goes back nearly four

decades to the RCA laboratories in Camden and, later, Princeton, N.J. When RCA scientists began intensive research on television in the early 1930's, the prospect of color had fired their imagination. Although the initial emphasis was on the simpler process of electronically transmitting light and darkness, work also went forward on the techniques of transmitting images in their natural hues. In fact, only one year after the introduction of black-and-white television at the New York World's Fair in 1939, RCA staged a demonstration for the FCC which showed that color as well as shadow could be sent successfully through the air.

Color television research was resumed immediately at the end of World War II. At the time, RCA's scientists were still experimenting with a combination of electronics and mechanically rotating color filters. As work progressed, they discarded the mechanical elements as basically unworkable with the black-and-white system. They began to

concentrate their efforts on an all-electronic approach.

One day in 1946, they reported that they had something new in television to demonstrate at our Princeton laboratories. They turned on two television sets, side by side, both producing the same black-and-white pictures. Then they threw a switch, and one of the sets showed the pictures in color.

With that simple flick of the switch, the problem of obsoleting existing black-and-white receivers had been solved. They had established the feasibility of an all-electronic, compatible color television system.

Three years later, in the spring of 1949, the FCC announced that it would hold hearings to determine, among other things, the possible establishment of broadcasting standards for color television. It laid down two basic specifications:

That the color system operate within the channels already established for black and white. That existing television sets be able to receive color programs in black and white with only minor modifications.

Rival methods

By the time of the FCC's announcement, the principles of fitting a color signal into the monochrome band width had largely been solved, and the issue had become one of competition between two basically different techniques of picking up and reproducing the color pictures.

The first method was called the "field sequential system." In its 1949 demonstration form, it employed a pair of synchronized whirling disks, one in the television camera and the other in front of the receiving tube, to filter the colors and transmit them in rapid succession, achieving the effect of a composite moving picture on the TV screen.

The second system also separated the colors, but displayed them simultaneously by means of three electron tubes to obtain the same effect of motion on the receiving screen.

This electronic system was the one developed by RCA.

Compatibility was the cornerstone of the RCA system. The electronic transmission of color included a monochrome signal that could be received by any standard black-and-white set without alteration in the receiver or in the quality of the pic-

RCA's David Sarnoff at a press demonstration of color television in 1946, years before it was perfected and made available to the public.



ture. On the other hand, the field sequential system was incompatible. Owners of black-and-white receivers would not be able to see anything but a jumble of lines when a color program was being broadcast without the additional cost of an adaptor. Even then they would still get an inferior picture in black and white.

In the fall of 1949, RCA moved its color equipment from the laboratory to Washington in a concerted effort to demonstrate a working electronic color system that could overtake the seeming lead of the sequential method. The scientists and engineers worked without letup seven days a week. At the broadcasting studios, there were frequent tests extending from eleven at night, when the regular programs signed off, until two and three in the morning. Although color reception still was far from perfect, there appeared to be no technical limitations in the system, and each succeeding week brought further improvement. Washingtonians viewing the color programs in monochrome on their black-and-white sets responded favorably to the reception.

Finally, in the spring of 1950, the principal missing piece was supplied by RCA's scientists. Driving under the same intense pressures that were evident in Washington, the specialists at RCA developed the single tricolor picture tube for receiving and displaying color images. Their accomplishment stands as one of the truly great inventions credited to this century. It transformed color television from a brilliant promise to a reality.

In the hearings that followed, the FCC was urged to approve standards for a color system that would keep faith with the millions of black-and-white set owners. It was pointed out that confining an all-electronic art with a mechanical harness would be like building a highway to accommodate a horse and buggy when the automobile had already been demonstrated.

FCC says no

That autumn, the Commission approved standards for the incompatible mechanical color system, and the first round was lost. *The New York Times* summed up what seemed to be the prevailing climate of opinion. Its editorial was headed, "Television Chaos."

One week following the FCC de-

cision, RCA asked the United States District Court in Chicago for a temporary restraining order against its enforcement, pending a hearing for a permanent injunction. The court issued the order, but upheld the FCC decision pending final judgment by the Supreme Court.

Meanwhile, RCA held a week-long press and industry demonstration in Washington to display its latest progress. The response was memorable. Newspaper after newspaper gave high praise to the color quality of the system and its compatibility with black and white.

But when the issue finally came before the Supreme Court, in January, 1951, the Court confirmed the Commission's power to adopt standards for an incompatible system of color broadcasting. Nevertheless, Justice Black, writing for the Court, stated, "There is no doubt but that a compatible color system would be desirable."

The case had been lost in the highest court in the land, and RCA had now to decide whether to continue to press for the compatible system. But only one decision appeared possible, since none of the administrative or legal actions had diminished the overwhelming technical and economic advantages of compatibility.

The battleground then shifted to New York City, where RCA invited the public, the industry and the press to demonstrations of large-screen projection and home receivers for the compatible system. Viewers were invited to compare the color transmission with their regular black-and-white reception, and hundreds called or wrote to say that they noticed no change whatever in the black-and-white pictures. There were compliments as well from the press and from those who were most likely to be critical—RCA's own competitors.

Then, with dramatic suddenness, the tide was turned by a surprising event. The Director of Defense Mobilization stated that because of the need to conserve critical materials during the Korean emergency, the proponents of the incompatible system had been asked to suspend plans for the production of color receivers.

The incompatible system of color television was never again seriously proposed for regular broadcast service.

In the spring of 1953, RCA told a Congressional committee of its

ability and readiness to bring compatible color television into public service. Commercial color broadcasting could begin at once, and the production of color sets to the public could be speeded. The proponents of the incompatible method stated that they had no present plans to broadcast or manufacture under their system. For its part, the FCC indicated a willingness to evaluate any new proposals for color television standards.

The green light

That summer, RCA and the National Broadcasting Co. filed a petition for approval of standards for the compatible color television system.

In the fall, final demonstrations before the FCC took place, and the FCC approved new compatible color standards.

Once the standards were established and approved, attention could be turned to the equally challenging task of developing the color television service.

It was necessary to build on the tripod of transmission, programing and reception.

By the end of the first full year of compatible color, color programs had become available to an estimated 75 per cent of all American households. The first leg of the tripod was ready.

When the color operations were moved to New York, a studio in Radio City was assigned entirely to color programing. The Colonial Theatre was leased and remodeled as a studio for major color productions at a cost of nearly \$1.5 million.

Along with this, a color coordination corps was created to train NBC and affiliated station programing personnel in color techniques—from prop boys to engineers to producers.

Assembling the third leg of the color tripod—reception—presented a different problem.

About three months after the FCC order went into effect, RCA began the commercial production of color television sets. The company then revealed its color plans to 70 competing manufacturers who had been invited to its Bloomington, Ind., plant. It took them on a complete tour of production facilities, gave them technical descriptions of the operation, provided them with bills of materials and informed them of sources of supply.

It disclosed how many RCA color receivers would be made that year and what would be available to them if they wished to order tubes. They were even provided with a model of the set itself, at distributor's cost.

RCA also told its competitors about the growth of network color transmitting facilities, and about NBC's plans for color promotion and programing. Few companies have ever exposed their plans to their competitors to the extent RCA did on that day—but it was the only realistic way to create a new industry and service.

Then came the imponderables of the marketplace. Those manufacturers that went into color abandoned it, and RCA again found itself alone.

Without color merchandise of their own, retailers of other brands usually discouraged buyers from considering anything but black and white. Many TV servicemen, untrained in the workings of color and fearful of losing business, urged clients to wait. The public remained largely ignorant about color television. A research study made three years after its introduction revealed that only one person in four had ever seen a color program, and almost half of these had seen color only once.

Breaking the cycle

A means had to be found to break out of the cycle in which the scarcity of viewers discouraged programing, and a shortage of programs hindered the sale of sets. Above all, it was necessary to encourage the public to listen and to look, in order to alter impressions that had been formed in the early days of color.

The answer appeared in Milwaukee.

Milwaukee was selected as a test city—a clearly defined and limited market in which RCA sought to define and isolate the problems, reduce them to manageable proportions and determine a successful marketing posture. Milwaukee was chosen because it was a centrally located, middle-income community with thrifty buyers and a close family life. It had four television stations, three of which already were broadcasting color programs, and a fourth scheduled to go into color operation. The press was highly cooperative. The local distributor was one of RCA's best, and there was a strong supporting group of color retailers.

In 1957, a task force of marketing specialists converged on Milwaukee. The campaign went on for 40 days. It was highlighted by dealer rallies, locally originated network programs, guest appearances by leading television personalities, extensive newspaper advertising and publicity—and an unprecedented quantity and range of color broadcasting by the local stations.

The response met all expectations. Although the base was small, sales during the test period increased by almost 800 per cent. Where dealers had arranged home demonstrations, two out of every three of the installed sets were sold.

NBC began to align its color schedule with set sales as well as prime viewing hours in mind, and the lesson learned in Milwaukee was put into operation on a national scale. Subsequently, NBC introduced "Color Days," "Color Nights," "Color Weekends," timed for the heaviest shopping periods, and the programs were planned for a full range of family interests.

Color arrives

By 1959, the color tide was definitely turning. At year-end, RCA

was at last able to announce that it had crossed the break-even point in color and was earning a profit on the sale of color sets.

The tide of public opinion also had turned, and ownership of a color set became a status symbol.

In 1960, scarcely seven years out of the laboratory, color television reached the status of a \$100 million annual business, something that had taken the automobile 12 years and oil 40 years to achieve. Set sales showed the sharpest rise of any major consumer product on the market, and RCA's own profit for color receivers that year was recorded in seven figures.

To all practical purposes, the battle for a national color service was drawing to a close. In 1962, the first of the two other networks began regularly scheduled colorcasts. In 1965, spurred perhaps by a survey which showed that color was becoming a decisive factor in program ratings, the third network finally announced its plans to broadcast a substantial portion of its programs in color.

Today, color in all its aspects is a billion-dollar industry, ranking among the giants. **END**



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MOVING A MOBILE AMERICA

A conversation with James D. Edgett, who rose from baggage boy to North American Van Lines President in American Horatio Alger tradition

James D. Edgett is a "school of hard knocks" executive in the Horatio Alger tradition: Poor farm lad who rose from baggage boy to boss of a giant in the specialized trucking field, from operator of a model T runabout to president of a company that can put 3,200 pieces of equipment on the road.

As chairman of the board and president of North American Van Lines Inc., now a subsidiary of PepsiCo Inc., he guided it from a \$2 million operation 20 years ago to an \$84 million business now.

He's a man who thinks there's more opportunity today than ever—for any man. He also thinks you can worry and analyze over a decision to the point where you never make it.

Although he never went to college, he's passionately interested in education, feels strongly that schools

should be operated on a year around basis to give the taxpayer a break as well as eliminating the need for teachers to moonlight.

A man who has spent a lifetime in an industry that has gone from gypsy trucker to computerized technology, he still can wheel a diesel down the highway and occasionally sneaks off to do just that.

A man who believes he has an inborn vision of the future, he thinks the younger generation is all right, but faults parents for pampering them.

In an interview with an editor of NATION'S BUSINESS, he looks back on his career.

Mr. Edgett, you grew up on a farm?

Yes, my dad had a farm of 200 acres, 208 to be exact, in Charleston Township, Kalamazoo County, Mich.

Did you raise cattle?

No, it was general farming. We didn't raise cattle per se. We had cows and horses because everything was done by horsepower then, live horsepower.

You were a member of a large family?

Eleven children. Mother fed us from the proceeds she got from the sale of the milk and butter and eggs and chickens.

What were your boyhood aspirations?

I had ideas of becoming a salesman. My dad had been on the railroad. He was in the passenger service, a brakeman, and he wore celluloid collars. You know in those days they were the slip-on and slip-off deal. I would put one of those around my neck and get a little, old bag of his and imagine I was



MOVING A MOBILE AMERICA *continued*

calling on customers and selling to people.

What was your first job?

I worked for Custer Supply Co., my first job outside of working on the farm. Custer was a supply outfit out of Chicago. Wilson Meat Packing Co. really owned it. They supplied produce for Fort Custer in the first World War. I delivered the produce to the camp.

How old were you?

I must have been 16 or 17. After I left the meat-packing company my folks moved over into Eaton County, Mich. That was south of Lansing. I worked out on farms for a while, and then I went to Battle Creek to work for the Michigan-Central Railroad.

When did you first really go into the trucking business?

In 1923, in Battle Creek.

Before going into the trucking business, I worked for the railroad as a fireman on the Grand Trunk Canadian National.

You mean you fired an engine?

I fired an engine for a period of time and then I left that work because of a strike and went to Michigan-Central, as a baggage boy and then a baggage master at the depot.

This first trucking company you had, was it a 'boss do everything' operation?

I started with a little Model T pickup truck that today would be called, I guess, a convertible. It had a rag top, you know, and what they called a turtleback on the rear. You could take that out with a couple of thumbscrews and put a box in its place. I hauled baggage from the railroad station in it.

What was your first association with North American Van Lines?

In 1938, as an agent.

And you became president in 1947?

Yes. In 1940 I was elected to the board of directors and the executive committee, and in 1947, president. I was chosen because I was a pretty rugged individual and could stand up to the long hours that the job needed. Also, it called for experience in warehousing as well as in transportation.

You started out with one little Model T pickup as your only piece of equipment. How much equipment does North American have?

We operate, during the busy time of the year, that is the summer months, approximately 3,200 pieces of equipment.

North American was primarily a household goods carrier when you joined it?

It was, yes.

And you moved it into other areas of transportation moving?

Yes, hauling electronic equipment and the movement of new household furnishings from manufacturers to distributors and dealers. Those are the big new areas. We have most of the area of the United States covered by authority to operate in this field.

We first got into the business of new household furnishings moving by buying Creston Transfer Co. at Grand Rapids. Grand Rapids was really the center of manufacturing of new furnishings for many years. Now furnishings and store fixtures are manufactured probably in 200 different locations in the United States.

We are constantly seeking to acquire new operating authority from the Interstate Commerce Commission, through purchase and application, and we hope to be able to cover the entire United States. This movement of new household furnishings is a \$500 million a year business.

But you still move the goods of a lot of people?

Yes, we do. In 1968 we will move probably 145,000 families. And most of them want to move in the same period. From May 25 to the end of September, we will move 55 per cent of the households we handle.

What is the big difference in your industry today and when you joined North American?

Well, there just isn't any comparison. In 1938, the highways were limited in many areas of the country. They had poor highways. When I started in the business in 1923, there were only about 40 miles of paved highway in southern Michigan. That is, outside of Detroit. The rest were dirt highways.

The type of equipment, the size, the weight that can be hauled by law over the highways has probably tripled at least in the last 20 years.

The improvement of road networks has really helped business diversification?

Yes, it has. I think I am safe in saying that our economy, as we know it today, wouldn't exist without the truck. Not just the North American truck, but I mean the general commodity truck hauling. We just couldn't possibly get along without them.

Since World War II, the American people have really become mobile haven't they?

Yes. At the time that I became president of this firm, we were doing approximately \$2 million a year. When I joined North American as an agent in 1938, its volume per year was \$275,000.

What was it last year?

Our line haul revenue was about \$65 million. Now the total revenue is another matter, but that is transportation over the highway.

So during your span as president your company has grown from \$2 million to \$65 million?

Well, in 1968, we did about \$84 million.

How did you accomplish this?

A major innovation was to make small businessmen out of the drivers. In other words, we set up a system whereby the driver owned his truck tractor and we supplied the trailer or van. This was something new in the industry, and it has been followed by others. It meant truckmen were paid on their ability to perform.

In addition, we have a very strong system of agents now. That is, full service local companies affiliated with our company by contract.

We were the first company to move into international moving operations, to and from Alaska.

And we were the first mover to start container packaging for household goods movement overseas.

By setting up area dispatch offices across the country, we were able to build and strengthen our network of agents and provide better service to the customer.

All this has been profitable to the stockholders?

When I became president, a \$100 share of our stock was worth about \$40. If you had bought a share then and held on to it, its value would be over \$4,000 today.

Has the type of people in your company changed over the years?

Oh, yes. People today are re-

quired to have much greater knowledge than they did 20 years ago, in all areas.

You never went to college, but you have taken a great interest in education over the years?

Yes.

You have frequently said schools should be operated 12 months a year. Why do you feel this is so important?

Number one, being a taxpayer, I recognize that if we are going to continue to exist as we do today, we have to utilize every facility of government that we have, including our

of the country that teachers are striking for more money. I don't think they can be paid much more than they are being paid now, and not even work all 12 months a year. I think if we operate the schools the year around, we can afford to pay teachers what they are entitled to and keep them in the positions that they have been trained for.

Most teachers—and I believe I am correct in saying this because we employ a number of them in the summertime on our trucks and in warehouses and so forth—feel that part-time work is beneath their dignity. They are professional people and in order to make both ends meet they have to supplement their income by any type of supplemental employment they can get.

When you were growing up, you were needed on the farm in the summer. That isn't true much these days, is it?

That is correct. In those days, the farmers simply had to have the youngsters on the farm to help them harvest their crops. But there are very few youngsters who are needed on the farm today. Almost everything is done mechanically, and it takes men to operate the equipment.

You mentioned more than half of your moving business is in the summer. Is this because of the school cycle?

Yes, it is. You know, if we didn't have this business of peak and fall, it would help people we move, because our rates wouldn't have to be as high. We have to charge more in order to double our capacity for four or five months a year to take care of the other months that the equipment is left idle.

I understand you occasionally take a truck out on the road yourself.

Well, I did recently. I have over the years. It was more, I guess, a desire on my part to get on the truck than a need for it. I used the excuse that I had some furniture of my own to take to Florida and couldn't get a driver. So I had it loaded on the truck, and I took off in it.

Some people deplore the fact that so few executives today have been

trained in the "school of hard knocks." How do you feel about this?

Oh, I think probably it is an improvement today. I have got to be completely honest about it. I will bow to the younger people. We have got some good people here in North American Van Lines and I admire them greatly. Their training has helped them greatly and we learn either one way or the other. You learn by a lot of hard work and errors and mistakes, or through training.

Now I would be the last one to say that all people who are trained are qualified. You know you can educate a donkey and all you have is an educated donkey; but you take most people who have the brainpower and are properly trained and they are pretty hard to beat.

How do you make a decision as an executive?

I think that probably I have an inborn intuition, or something. To be successful you obviously have to make more right decisions than you do wrong ones. My batting average has been pretty good. I measure a thing and I try to analyze it as it is presented to me, and I find that if you wait too long about making a decision you become undecided which way to turn, which move to make, because you can analyze the thing to the point where it seems that it is almost impossible to make a decision. So I listen to what is said and measure it in my own mind, and I usually make a decision rather quickly.

How do you motivate people?

By treating them well and trying to lead them. A company like we have here takes a lot of specialists, and I found that a specialist does a more zealous job in his own field. But the minute he steps over the line, he knows very little about it nor does his judgment quite measure up. Take lawyers, for example. A lawyer that is trained one way does a fine job in that area, but put him in another area and he could be a failure.

In this company, I have tried to staff the different departments with people who were specialists in their fields, and then I have had, I suppose, an inborn vision of the future. I see quite a distance ahead and I shoot for that.

What was the hardest decision you ever had to make?

Well, gosh, that is a tough ques-



North American's Chairman can still wheel a big tractor-trailer down the nation's highways.

local schools and all buildings that the taxpayer pays for. They simply must be utilized to a greater extent.

Now if we're going to add 100 million population in the next 25 years, as some claim, that means the taxpayers are going to have to provide facilities for 100 million children. It's just absolutely shocking not to use, full-time, the facilities you have.

What do you think is the big objection to year-round schools? Is it tradition?

I think so. Every time you pick up a paper you find in some area



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MOVING AMERICA

continued

tion. There have been many. I suppose that the one I wouldn't want to elaborate on much was to sell the company.

I think you need to elaborate on that a bit.

Well, this company is owned, as you know, by Pepsico and when the decision was made to sell it, I couldn't help but realize that the control that I had over the years was going to be lessened. I had a lot of people who were looking to me and depending on me, and I felt a great responsibility to them. It was difficult for me to know how they would fare under the new management and the new ownership, so I spent a lot of sleepless hours deciding whether it was the proper thing to do.

I also realized that North American had a fine future on its own, but I had to take into account the shareholders of the company and what would be their best interests. So the decision finally was made to sell. It broadened our horizons.

You have a good many independent contracting agents associated with your firm, haven't you?

Well, all our agents in the country are independents. They own their own local operations. We own some of our own in some cities, but even in those cities we have independent contractors, or agents as we call them.

In our hauling, about 40 per cent of our business is hauled by what we call independent contractors. We own trailers and they own the tractors and pull the trailers in our service.

Government closely regulates your industry. What do you think business' proper role is in government?

Well, speaking of our own company, I think that we need government and need it badly. I think that the trucking industry would be chaotic without Interstate Commerce Commission controls. We think of free enterprise and that covers a lot of territory.

When I say "free enterprise," we have free enterprise even though we are controlled. But if we had free competition as such, there are always those who do not know their costs and they would operate until they went broke, but at the same time it affects those operators, such as our company, who know what is required. We know what it costs



Mamie Alexander has been running zero-defects for six months now.



Jack Bloom in Sales has just exceeded his own quota.



Ginny Johnson has been with the firm for 16 years, come February.

One good turn deserves another...



Carl Higgins just submitted a whopper of a suggestion.



Marty Brown in Forwarding hasn't missed a day in five years.

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MOVING A MOBILE AMERICA continued

to do a job and in order to be strong financially and able to perform this service that is required of us, we know what our rates have to be. Without any government control, I am afraid it would be chaotic.

And the public would be the loser in the end?

The public would be the loser in the end, yes. In other words, you only get what you pay for, you know. If you stick with brand names, and products or services of proven reputation, you usually get pretty good results.

Do you think businessmen should play a bigger role in trying to solve some of the social problems today?

Yes, indeed I do. I think that we need more people who will spend time helping our people in government. We criticize our people that run our country, but we sit back and criticize and don't do anything about it. I think we could be helpful and should be.

You employ a lot of young people, particularly in the summer. What do you think of the younger generation?

I think they are all right. I think that the hippies or the yuppies, as they are called, are far in the minority. I have not lost any faith in youth. I just wish I had more youth myself.

Are youngsters today as eager and willing to work as those years ago?

No. I don't think they are raised this way. I think that isn't the youngsters' fault; it is the parents' fault. The youngsters aren't required to work like they did. There are many reasons, so many mechanical things that are done today. But most of them are pampered by their parents, who feel they had to work hard and would like to make it a little easier on their children. This is a mistake, in my judgment.

What do you see in the future for your company and industry?

It is tied to the economy. If the economy remains strong, and I think it will, there isn't any limit to what can be accomplished in this country and our role in it in our industry is going to be a strong one, a very powerful one.

Is the mobility of people going to level off?

No, it is going to increase. Some people move two or three times a year.

Why do people move?

Generally, people who move are with industry. The military often move. Retired people move, but basically, most people move because of a job transfer.

How do you relax? What are your hobbies?

Well, I like to travel and that fits in well with my business because I am required to travel a lot. And I like hunting and fishing.

Some of your friends claim you are the world's fastest fish cleaner.

Well, I have cleaned enough of them.

If you were going to give a young man any advice, what would it be?

Well, I would look at the man, first. I would have to measure him and decide where I think he would fit best. I had hoped my son would be a lawyer, but he decided that this business hadn't treated me too badly, and I guess he admired me to the point where he felt this is what he would like to do.

I discouraged him from coming in here. I felt it would be wrong for him and certainly wrong for our people here. I had always hoped that our people would admire the seat I held and if my son were here, they would feel, well, probably there was not going to be much opportunity, you know. So I asked him to consider going into business for himself.

He did and it has been a very successful business.

What are the chances for business success today?

I think the opportunities are far greater than they have ever been before, for a young man or any man—far greater. I see them every day. I know what I would do if I were not in this position. I can just see opportunities all over the place. The opportunities are there and people are better qualified to seize them. They are better trained and educated to take advantage of opportunity.

END

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business: a look ahead

MANUFACTURING

Aerospace industry agrees with those who complain that spin-off from massive investment in space has been disappointing to some.

However, Aerospace Industries Association cites several results of military and space research offering promise of early commercial application.

Aerojet-General talks of using nuclear analysis for crime investigation: comparisons of hair samples, tire marks, marijuana.

LTV has developed lighting system for military operations, also suitable for use in black-

outs, rescue operations, other occasions demanding lighting source capable of mounting on helicopters.

Westinghouse Electric has developed high-temperature plastics said to be suitable for uses ranging from aircraft structures to printed electronic circuits.

North American Rockwell reports process for recovery of useful components of power plant flue gases (now a pollution source), and a laser technique to monitor movement of earth's surface and identify potential earthquake areas.

TRANSPORTATION

New federal rules to reduce aircraft noise could carry staggering price tag.

Federal Aviation Agency has proposed requiring reduction of aircraft noise annoyance by one half for future transport planes and some now under development, including giant 747's.

Manufacturers and others have until March 12 to reply, though effective date of regulations could be months away, even longer.

FAA also is studying idea of applying similar standards to vertical and short take-off craft, turbo-prop and smaller piston planes,

including existing aircraft. This represents government's first attempt, using new legislation, to attack noise problem at its source: the engine. Airline industry supported underlying legislation in interest of effectiveness and uniform application and had been requiring noise suppression as design standard in recent years.

One indication of potential costs involved: Air Transport Association estimated last year that cost of quieting engines on 700 existing four-engine planes alone could cost \$800 million.

FOREIGN TRADE

Asian countries such as South Korea, Taiwan, Philippines, Pakistan appear bright prospects for investment, according to Washington economist just back from study tour of region.

Robinson Newcomb, familiar with stagnation in many Latin American and African nations, plus India, found growth rates in four Asian nations often exceeding official economic reports.

He saw as particularly important the Philippines turning the corner and becoming rice

exporters rather than importers, thanks to new strains high in yield and food value.

Increases in gross national product of seven per cent in real terms is not uncommon, he says, with investment accounting for much of the growth.

Government policies and public confidence appear to keep capital in these countries, he says, unlike in some South American nations from which money flees to Swiss banks. "The people don't expect the government to steal it all or tax it away from them."

CREDIT AND FINANCE

Controversy is expected in Congress over trend toward one-bank holding companies.

Many of nation's major banks have formed such companies or are in the process, including Chase Manhattan. First National City Bank of New York formed one last year.

Creation of such companies allows banks to diversify into banking-related fields—currently, companies are exempt from Federal Reserve

regulations when confined to one bank. They get into fields like computer services and insurance.

Federal Reserve is expected to ask Congress to end exemption and authorize regulation.

Rep. Wright Patman of Texas, critic of both Fed and banks, is expected to support move.

CONSTRUCTION

Money market adds to other woes of home building industry to dampen outlook for housing starts this year.

National Association of Home Builders has been forecasting 1,630,000 starts this year, covering single-family and multi-family units. (Some others have talked in terms of 1,650,000.) Latest estimates for 1968 ran 1,530,000.

Eugene A. Gulledge, NAHB's new president, noted last year that industry remained plagued by rising costs of building materials,

obsolete labor practices and zoning and building codes, shortage of skilled workers.

Then came increase in prime rate to 7 per cent last month, threatening pinch not only on mortgages but construction loans.

For longer-range outlook, industry predicts construction pace reaching 2.4 million annually by 1980, steady technological progress (though without spectacular breakthroughs), and increased emphasis on building rehabilitation.

AGRICULTURE

New dairy product expected to reach commercial application soon is billed as big step in milk products' economic fight against substitutes.

Agricultural researchers say new topping like whipped cream has dual advantage of low calorie content and price edge over pre-mixed or canned products.

Product is dried skim milk. Up to now, it couldn't be whipped when mixed with water.

But Agricultural Research Service experimenters hit on idea of homogenizing skim milk—breaking down solids—before drying process.

Resulting powder whips up in three minutes, contains a sixth of the calories found in conventional toppings; needs no refrigeration and should cost two cents an ounce versus three, five and eight cents for comparable toppings.

MARKETING

Combination of marketing concept and computer application to distribution explains swift growth of firm specializing in merchandising service.

B. Ernest Griffin launched Sav-A-Stop, Inc., in Jacksonville, Fla., in 1952 with idea that operators of chain grocery stores are best experienced in food merchandising but lack know-how in dealing with non-food items.

Company services chains and other food stores by providing non-food items, display,

expert guidance on what's needed. Computers store information on selling history of all products and every inch of shelf space in stores served.

Computers also guide complex distribution process from major centers in Jacksonville and Salem, Va. (replacing a Roanoke center).

Company also has own discount chain, leased departments in department stores. Sales hit \$62.4 million last year, compared to \$48.6 million in 1967.

NATURAL RESOURCES

Competition among energy sources in drive to curb air pollution by autos is highlighted by study of alternatives to internal combustion engine.

Robert U. Ayers, investigating alternatives under Resources for the Future grant to the Hudson Institute, concludes that both steam-driven and electric vehicles are "technically feasible."

"A short-range electric vehicle for city use

is . . . within reach, with higher-performance cars probably a decade or so in the future," he says in recent report. Likewise, "an acceptable steam-powered automobile could be put on the roads in a very few years."

Meanwhile, joint and independent research efforts by auto makers and petroleum companies reportedly point to significant reduction of pollution from conventional engines in same time span.

HOW CAN WE BEST GET LAW AND ORDER?

The nation's soaring crime rate is one of the gravest problems that confront Americans. Latest FBI statistics show a crime increase of 19 per cent for the first nine months of 1968, with robberies up 32 per cent and murder, rape, assaults all jumping sharply.

Together with crime is a widespread disdain for authority.

Law and order was a major issue in the Presidential campaign. President Richard M. Nixon, Democratic nominee Hubert H. Humphrey and Independent George Wallace all cried out for a curb on crime.

The need for law and order is a fact with which no one can quarrel. How best to attain it is another matter.

Many contend the nation will never solve its crime problem until the "root causes" for it are cured. Crime commissions, sociologists and others say that among these are a lack of jobs for the disadvantaged, slum housing, an unrealistic welfare program, and sham rehabilitation programs for juvenile delinquents and convicted criminals.

Just as many brand as "hogwash" the contention that poverty alone is

responsible for crime. They decry poverty, but claim that this can't excuse criminals, that what is needed to stop crime is a tougher attitude by courts toward those who rob, rape, murder and mug, along with beefed up police forces. They also call for less permissiveness and more respect for our established institutions.

Slums may well be a breeding place for crime. But FBI statistics show increases of crime in affluent suburbs and rural areas as well.

How can we best attain law and order? What do you think?

Jack Wooldridge, Editor
Nation's Business
1615 H Street, N.W.
Washington, D.C. 20006

How can we best get law and order?

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SOUND OFF RESPONSE:

TAKING WHACKS AT THE SURTAX

The surtax should get the ax.

That's the sentiment of the overwhelming majority of NATION'S BUSINESS readers replying to the "Sound Off" question in January's issue.

Readers have varying ways of explaining why they feel the 10 per cent surcharge should not be given a lease on life beyond its scheduled expiration in June. But most of their arguments boil down to these:

- The public was told the levy was temporary, and the government should keep its word.
- The tax hasn't really curbed inflation.
- Uncle Sam spends too much, and taxes too much, too.

"The surtax was voted in for one year and should not be extended," writes T. J. Bergeron, president of Bergeron Sheet Metal Works, Inc., Baton Rouge, La. "I don't think the American people are getting used to it. In fact, they are reminded of it every time they get their pay checks. The American people are paying enough taxes out of their checks now."

Promises, promises, says Houston Gibson, owner of the Denver Auto Trimming Supply Co., Denver, Colo. "Temporary taxes should be just that. Actions such as extending such taxes, I believe, destroy the integrity of those officials who pass this legislation."

As for inflation, Joseph H. Leopold, of Zimmerman, Evans and Leopold, in Atlanta, Ga., says:

"The dogma on which the surtax is based is false. The tax is worsening price inflation by imposing an additional increment on the price structure. Federal taxes should be lowered to stimulate the nation's substantial unutilized productive

capabilities. Our price inflation is caused entirely by wage increases—not excess purchasing power. There are no scarcities of goods."

J. O. Bohrer, manager of the Falls City, Neb., Chamber of Commerce, agrees: "The idea that raising taxes can curb inflation is ridiculous. Taxes cause inflation by raising the prices on everything we buy. The Keynesian theory of economics ignores this basic concept."

A clergyman, the Rev. R. Howard McCuen Jr. of the Third Presbyterian Church in Uniontown, Pa., finds it difficult to be charitable about high taxation. "I for one," he writes, "will never get used to the federal government putting its hand in my pocket. The surtax can't come off too soon to suit me. Yet if the money is needed, I propose a political privilege tax to be levied on politicians and Washington bureaucrats instead."

The government "has a propensity for expansion in all areas," says George P. Sampson, secretary of the Coastal Plain Life Insurance Co., Rocky Mount, N.C. "Taxes creep in as a 'stop gap' measure but seem never to revert back to the original state. I am tired of tax, tax, tax. Cut federal spending and expansion."

There are proponents of a surtax among NATION'S BUSINESS readers, too, however.

"It is rather obvious that even if the surtax is extended to mid-1970," argues Gene Tolson, executive vice president of the First National Bank, Falmouth, Ky., "our finances will not do much better than break even. In order to show fiscal responsibility and to make an attempt at reducing our national debt, Mr. Nixon would appear

forced to maintain the surtax and close the gap on deficit spending. Mr. Nixon obtained his office by a show of dissatisfaction in the methods of the Johnson Administration, and he should attempt to bring fiscal soundness back to our government."

Donald G. Graham, senior partner of the Seattle, Wash., law firm of Graham, Dunn, Johnston & Rosenquist, says there would have been no need for the surtax if the "profligacy of Congress and the President had been curbed." However, he says, the surtax should be extended "if necessary." He thinks the extension could well be kept to just six months through government economies.

George B. Tyler, president of the Century Granite Co., Inc., Atlanta, thinks it's too soon to make up our minds. He says:

"Instead of mounting a campaign for or against the surtax at this time to assure acceptance of what looks proper now, the new Administration should work to set up the machinery for quick action so a decision can be made and implemented within 30 days of the scheduled expiration date. At that time, action may be taken on the basis of what has actually happened, instead of what we now think the economy will do. Let's face it. Great economists we usually aren't."

A number of readers who answered "No" to the question "Should the surtax be extended?" took the opportunity to sound off against present methods of taxation.

"What we really need in this day and time," writes Charles S. Lowmore of C. S. Lowmore & Co., Wilmington, N. C., certified public accountants, "is reform of the fed-

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—How to slow inflation without increasing unemployment—"the most difficult problem," says President Nixon, "the country faces."

—How to confront the crisis of the cities—racial unrest, poverty, housing, mass transit and congestion?

—What to do about the runaway crimes of violence?

—What to do about the troubles in the schools and colleges, aggravated by trained exponents of revolution?

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SOUND OFF RESPONSE: TAKING WHACKS AT THE SURTAX *continued*

eral taxing statutes to bring in the revenues required to maintain government on a reasonable basis with all the people paying their fair share of the cost."

Mrs. V. S. Fives, a partner in Fives Adjustment Service, Bozeman, Mont., writes: "We should abandon the idea that government should support the economy and the people and return to the doctrine that the economy should support the people and the government. A necessary step in this reversal is to eliminate the penalizing and corrupting influence of tax rate progression."

"At least we should relegate it to a minor role, as was done when the income tax started."

Writer after writer feels shifts are called for in the direction of federal spending.

"I cannot think of one country to which we are giving vast sums that would not turn us in at the first opportunity," says H. A. Lusch, of Lovell, Wyo., manager of a utility company. "Let's give the American people a chance to educate their own with this thrown-away tax money."

Says Richard L. Behr, a senior expense analyst with the Penn Mutual Life Insurance Co., Philadelphia: "There should be a tightening of government spending in areas where states should be footing the bill."

The problem spotlighted by the

surtax issue, says Jack Reams, marketing superintendent, Chesapeake & Potomac Telephone Co., Washington, D. C., "is not identified with revenues, it is one of spending beyond income."

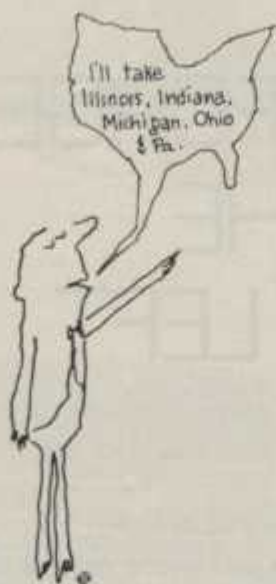
"The answer, as I see it, is to stop spending money on resultless social programs such as the Peace Corps, Job Corps, etc."

And W. O. Lotting, owner of Web's Floor Covering, a Traer, Iowa, firm, finds the whole subject hopeless, anyway:

"Who are we kidding?" he asks. "Once the government has a tax, they will keep it. If they find they don't need it for regular business, they will start up or increase some stupid giveaway program." **END**

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We have the right of assembly. Not the Russians.

We have trial by jury and are innocent until proved guilty. In Russia, it's trial by judge, and presumption of innocence does not exist.

We can own private property. The Soviets have no real property rights.

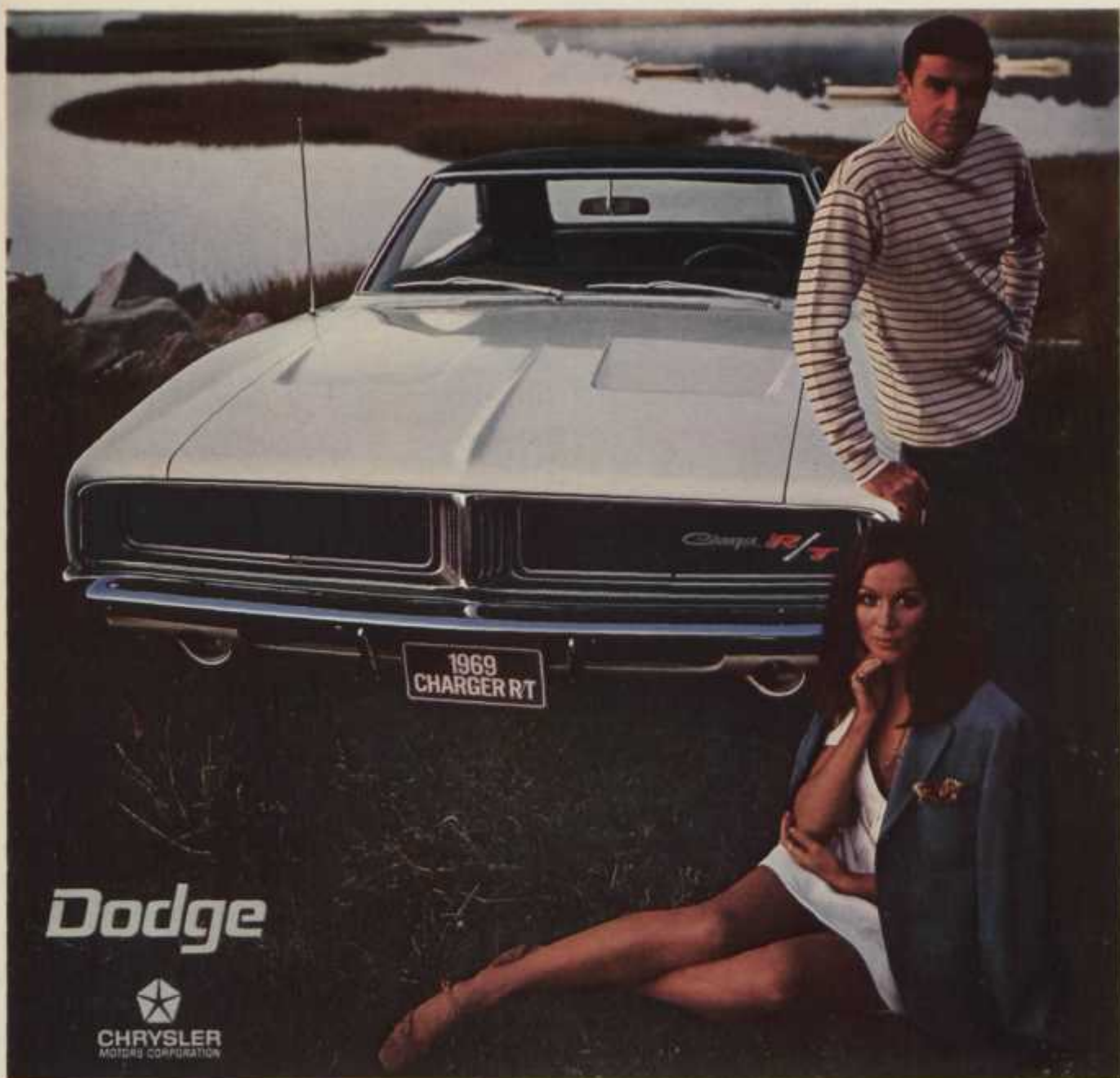
We can bargain for goods and services in our free markets. Not so in Russia.

We can go into business and compete for a profit. It's denied to Soviets.

We have free elections. In Russia only one name per office is listed.

In America you can not only worry about the New Left, you can even be one of the New Left if you want.

The Old Left doesn't even allow a New Left.



Finally, a fleet car you'll like to take home to mom

And mom will love it. Because she'll never identify your Charger as a company car. And who would? Charger is an uncommonly distinctive car to be a company car. Yet it falls well within any company's budget. And Charger's resale value makes it even more of a bargain. The basic price includes a 318-cubic-inch V8 engine that runs on regular gas, bucket seats for pilot and copilot, disappearing headlights, and other nice touches you seldom see

in the company parking lot. For super performance, order Charger R/T (shown above), with a 440 Magnum V8 as the standard engine. When the time comes to think about company cars, give a lot of thought to Dodge Charger. Just think what it'll do to your image. Your customers may think that going first class is expensive, but you'll know differently. The next move is yours. Talk about Charger with your nearby Dodge Dealer.

Charger...economy you can be proud of.



Imperial 4-Door Hardtop

Should a luxury car break with tradition?

Characteristically, the American luxury car changes little from year to year. Styling changes tend to be evolutionary rather than revolutionary.

This alone could be the reason Imperial for 1969 is attracting so much attention. It is the largest automobile in its price class. The car has been totally restyled. It is unlike any previous Imperial. Indeed, unlike any other American luxury car.

The look is strikingly contemporary. From a classic grille, lines flow to the sculptured rear deck lid . . . and the rear bumper with recessed taillamps.



Surely, this is a calculated move. Some continuity is certainly desirable. Hence, the heritage of Chrysler engineering behind the new Imperial. It

comes with the largest passenger-car engine ever built by Chrysler Corporation. Power front disc brakes are standard. The torsion-bar suspension continues to give an unequalled highway ride. Imperial is a superb personal automobile . . . and a sumptuous family car as well.

Should a luxury car break with tradition?

Yes and no.

IMPERIAL

